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FRED. E. FARNSWORTH, Publisher A. D. WELTON, Editor GEORGE LEWIS, Associate Editor

Topics of the Month

THE TIME OF GLOOM

JUST now Gloomy Gus is having an inning. Through the murk of potential despair he riots across the front pages and is continued inside. We may not shrug our shoulders like the French and dismiss all controversy by saying " C'est la guerre." It is not war that annoys us, it is the preparation for it. It is our eagerness diluted with incapacity, our enthusiasm modified by failure of instant realization. Heretofore we have willed a thing and it was done. We have touched a Midas stone with the wand of our desire and it was gold. We have been oblivious to what Herbert Spencer calls the " vital activities by which capital is drafted to places where it is most wanted, supplies of commodities are balanced in every locality and prices are universally adjusted—all without official supervision."

" Yet," continues the sage, " being oblivious of the truth that these processes are socially originated without design of anyone, they cannot believe that society will be bettered by natural agencies. And hence when they see an evil to be cured or a good to be achieved, they ask for legal coercion as the only possible means. Nor will any argument nor any accumulation of evidence suffice to change this attitude until there has arisen a different type of mind and a different quality of culture."

Thus Mr. Spencer creates an impasse. The different type of mind has not appeared nor has the quality of culture undergone any perceptible change. We are seeking ever more legal coercion and ever substituting official supervision for natural agencies. Hence the beginning of the troubles and hence their multiplication because the laws are man-made and the official supervision has shown defects both systemic and personal.

For all this the remedy is not an abject surrender to the wiles of Gloomy Gus. There is no need to talk peace or engage in an orgy of fault-finding. Troubles, griefs, losses and tears are the meed of war. Under the highest development of efficiency they may be abated but they cannot be avoided. If there are no blankets for the soldiers—get blankets. If there are no rifles—get rifles. If there are no ships—get ships. If an error was made in selecting a machine gun type—correct it.

These are commands easy in the utterance but difficult in the execution. The effective execution depends on the talents and capacities of the human agencies engaged. We may not expect the revolutionary change which Herbert Spencer indicates is necessary for an ideal adjustment, but we may expect the employment of the best talent and capacity the country affords. The problem is then one of the human agencies employed and to be employed. Under the evidence accumulated officially, semi-officially and unofficially, here lie the defects. They may be catalogued as defects of training, defects of experience, defects of temperament, defects of vision and imagination and defects of the faculties of appreciation.

These defects may all be remedied, provided they are not found in their highest development in the force which must apply the remedy. In short, the three supreme agencies to which we must look for the correction of details are the President, the Congress and Public Opinion. If they all fail, peace without honor is near. But any two of them might fail without the dire consequence of ultimate disaster. They may all fail if the situation is to be scanned through eyes blurred by selfishness, partizanship or prejudice. They cannot all fail. However, Public Opinion moves with leaden feet and dependence on that might cause delays and disaster. Immediate action is

necessary. Immediate remedies are the most effective. When doing is halted by the need of first undoing, Gloomy Gus thrives and grows fat.

A RAY OF LIGHT

Among the other things subjected to investigation was the shipping program—a program redolent with memories of a blighting controversy. There was a promise of sensations, but there was none. Chairman Hurley, inheritor of the troubles, but not of the controversy, made frank disclosures of facts and conditions. He related what had been done, what was doing and what was in contemplation. He gave specifications and his anticipations. He said if there was disappointment, the remedy was to get a new head for the giant enterprise. Here was a novelty in the form of a man charged with responsibility who also assumed it. The committee, disarmed, asked humbly if there was anything Congress could do to help. Hope looms large under such circumstances.

A NEW LOAN

Another call on the people for financial help is near at hand. A newspaper announcement of it with specifications brought a speedy official denial accompanied by an admonition that discussions were untimely until official notice is given. The specifications constituted the items of interest because it is common knowledge that more money and plenty of it will presently be needed. The specifications are naturally speculative because the Secretary of the Treasury does not know yet just what he will call for in amount or what the terms and conditions will be. He cannot know because, whatever his present opinion, it may be changed in a day or an hour by the course of events before the time for the call arrives.

The interest rate of another series of bonds is, however, of vital interest. The amount may be eight billions more or less and the time may be March 15 next, or later or earlier, but the suggestion of an interest rate of four and one-half per cent. is interesting now. Its discussion is pertinent because an issue of new bonds at par with previous issues selling at 97 to 98 ties the plan up with conditions in the money market, and the money market cannot be ignored. No amount or kind of official effort can hold the bonds already issued at par if the market decrees a lower price. To the owners of these bonds, the present price is of only passing interest and this interest becomes more than passing only when there is a desire to sell the bonds held. It must be remembered that the value of the money market lies in the fact that it is the expression of views and opinions beyond control. The money market represents the public appraisal of securities and this appraisal may not be departed from with impunity, although there may safely be a variation of its exactness with the emotion of loyalty as the most conspicuous factor in determining the variation.

A rate of four and a half per cent. cannot be fixed for the next issue as the result of the mere desire of intending contributors to gain such a return in interest. There are consequences to be considered. The savings banks are a vital factor. The rate mentioned is much higher than that customarily paid by these institutions. To tempt their depositors to make heavy withdrawals would involve them and they might be forced to liquidate securities, which would disrupt an already bad market, and to call mortgage loans. The consequences would be disturbing and might be disastrous.

In the previous issues of Liberty Loan bonds the selling price was par. It is so fixed in the law which authorizes the bonds. No other government has so ignored the influences and factors of the money market. They have all calculated the rate of interest on the rate of the yield of a security below par. Thus the rate of interest beyond four per cent. must be by fractions of one-quarter or one-half whereas if the rate is reckoned by discount on the principal, it can be reckoned by decimals of one per cent. and the variations will be very slight.

It seems, therefore, that the question of rate would better be considered in relation to the present discount of the last issue of fours than in relation to a rate at par. If the Secretary of the Treasury does not determine this question in advance, the money market will do it later. There is really no objection to it, either practical or sentimental. There is no obloquy and no insult to the nation's credit in the selling of bonds below par. It is merely a method of adjusting the rate to the money market and it will be adjusted to the money market whether the government likes it or not. As a matter of fact the Treasury is issuing war saving certificates in this way. They are issued at $4.12 now and the price will be increased monthly according to the distance from maturity. The face value is discounted and this is a most ordinary way.

LAND BANK BONDS

A bill authorizing the Secretary of the Treasury "in his discretion" to purchase one hundred millions of Federal farm loan bonds in the fiscal year of 1918 and a similar amount in 1919 is pending in Congress. Its introduction indicates that the land banks have been subject to the same influences and depressions as other investment organizations.

The demand for capital is constant but bonds of all kinds go begging at tempting prices. Railroad bonds of high degree litter the bargain counters. Industrials and municipals are in similar disfavor not because of any inherent defects as investment securities but because the demand for money diverts it to other channels. As for Liberty Bonds, they may be had at prices below those at which the farm loan bonds are held.

The land banks have loans pending and approved to the amount of $105,000,000 and applications for a hundred millions more. The purchase of the amount specified by the Secretary of the Treasury would not, therefore, solve the financial problem of the land banks. The demand of the farmers for funds goes far beyond the amount which it is proposed to make available so that, even if the government provides funds, much of the demand must go unsatisfied and the same condition, which is held to justify the passage of this bill, will be encountered again in a few months unless there is a change for the better in the security market. If there is a change for the better the land banks can sell their bonds and government aid will not be required.

In the meantime the increase of the interest rate on farm mortgages from 5 to 5½ per cent. may check the demand for loans slightly. It is only by increasing the interest rate on the loans that the process of selecting those to whom loans shall be made can be satisfactorily carried out, if it can be carried out at all without causing the greatest dissatisfaction. The spirit of the Farm Loan Act calls for low interest rates and the Act itself forbids a rate above 6 per cent.

Otherwise, it seems to have been an error to attempt to hold the bonds of the land banks at an arbitrary figure. The price was first fixed at 101⅛ but this has been decreased. Purchasers of the bonds will not like the decrease but that may be dismissed. However, interest rate and bond rate and the success or failure of the agricultural credit scheme are of less moment than the question of government assistance and its effect on conditions.

The disclosure made by the facts is that, under the influence of market conditions, the land banks must halt their operations just as the operations of other enterprises, dependent on conditions of the money market, are halted. If the government is to render aid to the land banks, lending money to the farmers is immediately transferred to the classification of a war necessity. If it is a war necessity, this must be demonstrated beyond question by facts, figures and the customary evidence. If the demonstration is not complete and satisfactory, the public will be justified in objecting strenuously to the diversion to farm loans of funds secured by the sale of bonds or the imposition of war taxes. Just now the connection between aid for the land banks and the prosecution of the war is decidedly obscure. The connection between the farms and the food supply is direct enough but the immediacy of that connection is quite remote from the other. The farmers are now being supplied with funds from other sources. Under the stress of war that supply, with the necessity for food production what it is, may be and probably is sufficient. In any event, if the people are obligated to furnish funds to the farmers, their obligation to do so should be made direct and specific. By no stretch of the imagination can the diversion of funds raised for war to any other purpose be justified. It may be extreme to assert that the $100,000,000 plan is a confession of the impotence of the farm loan scheme, but the temptation to do so is made stronger by the striking disposition to run crying for help to the government at the sign of the first difficulty.

THE CREDIT NEEDS OF FARMERS

In the December issue of the *Federal Reserve Bulletin* is an interesting tabulation of the credit needs of farmers in the states of Montana, Idaho, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma and Texas. This information was secured and compiled by the Bureau of Markets of the Agricultural Department and it covers the need of the farmers of those states for funds to plant crops last fall and next spring and shows the percentage of local capital available for the purpose. There is apparently a shortage of local capital in most of the districts but it is stated that in Idaho, Nebraska and South Dakota there is little need for outside assistance.

This disclosure has no relation to the possible necessity of farmers for mortgage loans. The Federal land banks may make loans only " to provide for the purchase of land for agricultural purposes," " to provide for the purchase of equipment, fertilizer and live stock," " to provide buildings and for the improvement of farm lands," the terms to be defined by the Farm Loan Board, and to liquidate former indebtedness of a similar nature.

The theory of the rural credit scheme—and adopted apparently in the Farm Loan Act—is that mortgage loans are made for the purpose of securing title to property and in making permanent improvements thereon. These things constitute the farmer's plant and he is the business man who operates it. Of his needs for current account the Farm Loan Act takes no notice and for them it makes no provision. That subject was exhaustively discussed and it was determined that providing for those needs, if they should be recognized in a law at all, would require another and very different law. So far as the farmer needs money for cropping purposes it is a matter for the banks and the Federal reserve system. The production of food depends on the manner in which the farmer's credit needs are met by these institutions. The provisions of the Reserve Act and the policy of the reserve banks and all other banks in this respect are very liberal. Congress by an appropriation of funds for farmers, or the Secretary of the Treasury through the purchase of farm loan bonds, might increase the number of farms or better their condition for production, but increase in number is not now apt or necessary; what is needed is the highest cultivation and this may be secured through the use of a kind of credit in which the Federal land banks do not deal.

AGAIN BRANCH BANKS

That old friend of the country banker—the bill to permit banks of the reserve system to establish branches, etc., etc.—has come into the Senate by action of Senator Calder of New York. The bill has not been changed and the situation has not changed either. There are state laws that permit branch banks, and state laws that do not. There are banks without branches and banks with them. There are some branchless banks that want branches and a good many that do not. The weight of the argument seems to be for branches. The weight of numbers seems to be against them. Numbers will win again if they assert themselves as they may, but logic will win in the end and James K. Lynch said at Kansas City he expected to live to see it.

Probably there is a good deal of cerebral energy wasted on the subject. The establishment of branches of city banks in cities wouldn't do much to open the way for general branch banking and general branch banking wouldn't hurt the country banks if they are discharging their duties to their communities.

HOARDING

Reports of hoarding come at intervals. Occasionally they have a tangible basis such as a rumor that the government proposes to confiscate money—the money of resident aliens, for instance. It has been loosely said by public speakers for Liberty Loans that, if the government

could not get money by sales of bonds, it would adopt harsher methods amounting to confiscation, or something of the kind. Taxation may be confiscatory but it must be under the theory of equal assessment. The property and money of alien enemies might be confiscated but such measures do not comport with modern ideas of civilization.

The government has only two ways of securing money —by loans and by taxation. To the end that these methods may be effective, it is necessary that the people have accurate information and come to an intelligent understanding of conditions. Hoarding is the result of fear which feeds ignorance. There has undoubtedly been some hoarding of money but the evidence of it is usually unsatisfactory and seldom impressive. Bankers may best combat the tendency to hoard by spreading information of conditions and giving publicity to the truth when ignorance and misinformation appear. The idle rumor that the government contemplated confiscating the money of depositors in banks is silly. The government has no such power and the depositors are creditors of the banks. What money there is in the banks belongs to the banks and the legal position of the depositors would remain unchanged if the government, like a bandit, cleaned out the banks.

In Russia such reports might affect the credulous and ignorant. This is supposed to be an intelligent country.

EXPORT COMBINATIONS

The Webb Export bill, at this writing, is in conference for adjustment of some minor variations of phraseology. Its final approval will remove even the fancied obstacles to combinations whose operations will be beyond the confines of the country. The text of the measure is printed elsewhere in this issue.

Undoubtedly the largest influence of the measure will be its invitation to manufacturers to combine their efforts to develop trade in foreign fields. The spirit of repression in our regulatory and inhibitory laws has had the effect of dampening ardor for co-operation. Natural methods have been under the ban. It cannot be concluded from the success of the Webb bill that the legalistic minds in Congress have any notion that this is a first step toward the modification of the anti-trust laws. The nature of the opposition made that plain. But it was also demonstrated that it is possible, under some circumstances, to demonstrate the effectiveness of combinations. As thought on this subject develops and matures it may be found that combination in production and fabrication makes for economy and low prices if competition in distribution is not destroyed in the process. Just now we find this in practical operation. Sugar, flour, copper and numerous other things are under control in all the productive processes and the effect is undoubtedly advantageous. But the distributors, trained in many a hard struggle and imbued with the idea that the time to boost prices is when they can get them, have been working in such harmony that no out-and-out combination could have improved their team work. Here was a defective link in the chain. Adequate supplies will rectify this situation regardless of whether the regulatory machinery is extended or not.

The merit of the Webb bill, however, is that it frees the exporting business from the shackles of a law which was made to serve another purpose.

FOREIGN TRADE

The foreign trade of the country is holding well considering the circumstances. Exports in November amounted to $488,000,000, a decrease of $55,000,000 from October and $22,000,000 from November of last year. For the eleven months ending with November exports were valued at $5,639,000,000 against $4,959,000,000 a year ago. Imports also increased, the excess of exports over imports for the eleven months being $2,914,000,000, an increase of $141,000,000 for the current year.

Maintaining foreign trade is more than desirable and it will become increasingly difficult as the pressure of war grows. In this country the greatest gold stock is held. Despite this, the trend of exchange is against us and the dollar is worth less than par in several neutral countries. The volume of credit that can be extended is constantly diminishing. The percentage of gold to liabilities of the Federal reserve banks is growing smaller. Only by holding and expanding our foreign trade—by loans, investments, services and sales abroad—can we protect our gold holdings and maintain our exchange position.

The Webb bill is a decidedly important achievement and the meeting of the Foreign Trade Council in Cincinnati in February is a decidedly important gathering. The fact that our energies must be given to war does not mean that we must engage in no other enterprises. The lapse of such efforts would make the war doubly disastrous. They must be maintained both because of the war and despite it, so long as possible. A. D. W.

A. B. A. EMPLOYEES FORM WAR SAVINGS SOCIETY

The American Bankers Association Employees' War Savings Society of New York City has been formed by the office force of the Association at Five Nassau Street, New York, in accordance with the Treasury Department's plan for the organization of such societies throughout the country. Those who signed the membership application pledged themselves: (1) To systematic saving; (2) to help save American lives by refraining from the purchase of unnecessary things, so setting free for the use of the government the labor and material it must have; (3) to use their best endeavors to encourage saving and discourage unnecessary buying in their communities; (4) to secure new members for the society; (5) to invest a suitable amount of savings in United States War Savings Stamps and Thrift Stamps, and to influence others to do the same.

It is intended that the A. B. A. unit, through the introduction of educational features in connection with the meetings, shall become one of the model societies of its kind. At the organization meeting December 22 by-laws were adopted and the following officers were elected: President, George E. Allen, Educational Director of the American Institute of Banking; vice-president, Alexander Del Mar; secretary, Leroy A. Mershon, secretary of the Trust Company Section; assistant secretary, Miss Anna P. Besant; treasurer, Otis Scott.

EXPANSION AS THE ACCOMPANIMENT OF WAR

In a statement issued December 21 the Federal Reserve Board showed that 619 member banks in the larger cities held $1,601,881,000 of government securities and had loans secured by government bonds and certificates of $376,606,000. All other loans and investments of these 619 banks amounted to $9,614,638,000.

The Comptroller's statement, issued December 20, showed loans and discounts in reserve and central reserve cities on November 20 of $5,356,000,000, an increase over November 17, 1916, of $655,000,000.

Total deposits of national banks in reserve and central reserve cities on November 20 were $8,593,000,000, an increase of $1,087,000,000 over September 11, 1917, and of $1,336,000,000 over November 17, 1916.

The total deposits of the 619 member banks included in the statement of the Federal Reserve Board were $10,076,000,000.

The Comptroller's figures and statements now make comparisons difficult. He speaks only for the national banks. Many large state banks are now members of the reserve system. They contribute to its strength and otherwise subscribe harmoniously to the stability of the banking structure. The national banks no longer constitute that part of the system on which almost exclusive responsibility rests and to which the state banks turn for aid in time of pressure. The biggest state institutions and a good many of the smaller ones now look to the reserve banks to whose capital they have subscribed. The Comptroller's statements, therefore, have become unusually inadequate. His assertion that "the increases in deposits and loans are largely due to transactions relative to the second Liberty Loan" is most significant, however. The figures given by the Reserve Board indicate that government securities are entering more and more into the general financing and the proportion of them is bound to increase as bond issues succeed each other. The statement first mentioned shows that the 619 banks hold as investments or as collateral upward of $2,000,000,000 of government securities. A year ago there was no such item. The holdings of government securities was then confined to bonds against which circulation was outstanding. Now such bonds amount to one-fifth of all the other resources.

This increase in the holding of government securities accounts for the great increase in deposits. A new basis of credit has been created and put out, and it naturally finds its reflection in increased deposits and hence in increased clearings and note issues. The use of "deposit currency" has increased as well as the quantity of notes. This increase has an effect on the price level of all kinds of commodities, but it is impossible to separate its influence from that of other forces which are also at work, for instance, the inordinate demand.

The tendency toward the expansion of loans, deposits and note issues is certain to continue so long as the war lasts, regardless of future bond issues. But as the bond issues come the tendency will be more pronounced and the gold basis will become constantly narrower.

The degree of the expansion will be measured by the percentage of gold to liabilities in the reserve banks. Inflation is another kind of word. It carries a sting. Just now there is nothing horriferous about the situation. There is apparent none of the things which generally accompany credit or currency inflation. Speculation is anything but rampant. New flotations find the going difficult. It is necessary to give encouragement to promising ventures. The price of silver is finally to be so adjusted as to stimulate the operation of mines which have heretofore been found unprofitable. These are not the customary evidences of a condition of inflation, although it is true that inflation is not usually a matter of contemporary determination. It is only discovered by a series of subsequent disasters.

Expansion is the inevitable accompaniment of war and expansion is plain. It is also obviously necessary. It is in this condition that is found the answer to the very practical question as to the next bond issue. Anyone can sit down with the information at hand and prove that all the people—the easily accessible people—who can buy bonds have bought them to the limit of their capacity to buy. Hundreds of thousands will be paying for their bonds for months to come. This is a fortunate condition. Not yet have the bond buyers made anything but ordinary use of bank credit. They have been buying out of their surpluses or paying from their savings which have been greatly increased and will be increased very much more. If the whole cost of the war could be paid in this way, the situation would be delectable. But money will be expended faster than it can be accumulated from profits or by saving. There must, therefore, be recourse to the expansion of bank credits again and again. Government securities will come more and more into use as collateral for loans. In England, before the war began, government issues played a much larger part in ordinary financing than they play in this country at present. When the war started the banks of England had more loans on government bonds than on commercial paper. In this country the proportion is now less than one to five, if the figures of the Reserve Board are correct. As for the reserve banks, their loans against government securities are comparatively small.

The statements show that, despite the assertions of inflation and its dangers, we have a long way to go yet before the danger point comes into view. The speed toward this danger point will be less if the thrift campaign is effective. Much depends on the attitude of the people, on the self-denial they are willing to undergo, on the economies they are willing to practice before grim necessity furnishes the incentive. The greater the anticipation of necessity and the better the preparation for it, the less dire it will be. The more military preparations drag and the less efficient the management of the things that pertain to war, the longer the end will be deferred and the greater the deprivation. The people who give are justified in urging speed and in demanding the elimination of the red tape, the bickering, and the incompetencies which have been disclosed. In the statements of the financial powers will be found the true index of the nation's capacity to carry on the war efficiently and the time the efficiency may be maintained. A dollar well expended now is probably worth two dollars a year hence.

Bank Held Not Responsible for Loss Due to Payment on Raised Check

Remarkable Case of Alteration So Cleverly Done that Court Believes Bank Was Entirely Justified in Honoring the Check when Presented —Signature Genuine, the Raising Having Been Accomplished by the Use of Acid.

WHEN is a banker responsible for the loss on a raised check?

That is to say, the signature being admitted, but the amount having been "raised" and honored in good faith by the drawee bank—who stands the difference between the original amount, as claimed, and the sum actually paid out of the bank's coffers?

Many bankers, in times past, accepting the Negotiable Instruments Acts literally, have thrown up their hands in the face of a claim of this kind, presented by a responsible depositor, and have charged off the amount of the loss.

There is a question, however, whether this is fair to brother bankers, or to the fabric of the financial organization as a whole. In the first place, the burden of proof that a check actually has been altered as claimed, must rest upon the signer—and satisfactory proof of this sort is usually very difficult to establish. In the second place, was the bank negligent in paying the check—if not, why should the bank be expected to suffer?

Down in Knoxville, Tenn., there was a banker who took this course—one of the few, if not the only case, of this particular kind where a banker has flatly refused to offer or accept a compromise with an influential depositor. The check which caused this remarkable lawsuit, covering a period of nearly ten years, is illustrated herewith. The depositor, T. Tobias & Son, conducted a retail dry goods and garment establishment in Knoxville, enjoyed a credit rating at that time in excess of $100,000 (which has since increased to about $150,000), and the bank was carrying about $20,000 of their paper.

This check was undoubtedly "washed off" with acid by professional check-raisers and raised from $29.57 to $380—although attorneys for Tobias & Son were unable to establish this fact in evidence. But first, let us examine this check from the standpoint of Mr. Shields, the president of the City National Bank, and see how it appeared to him.

The disputed check was cashed over the counter on October 7, 1907. The Tobias pass book was written up November 1 and returned to the firm a few days later. Within another day or two, Mr. Tobias, senior, called at the bank and claimed a shortage of some $350 in his account, due to this check No. 15770, which had been duly paid to "Bearer" for $380. He claimed that no such check had ever been issued, and particularly that his firm had never at any time drawn checks payable to "Bearer." His cancelled vouchers, moreover, showed another check No. 15770, a petty cash check issued to himself during the previous September for only $10, and this agreed with their check stubs and cash book. He finally admitted, however, that the signature on both checks was his own. Thereupon he set up the claim that the second check No. 15770 had been altered.

The only check outstanding and unaccounted for at the time was one for $29.57 mailed to Alfred Simon & Co., a wholesale feather house in New York city, in September. Statements of account received subsequently from the house of Simon revealed that this check never reached them. It was understood that Simon & Co.'s letter box had been broken open at about the time this check should have been received—presumably the work of one of the mail-box check-raising gangs that operate in the old-fashioned loft buildings which abound in the wholesale district.

Tobias claimed that the bank had been negligent, inasmuch as the handwriting in the body of the check was different from that of anyone employed in his establishment, and also since the records showed that his firm had never drawn checks payable to "Bearer."

The bank "stood pat," claiming that there was nothing suspicious on the face of the check, and no evidences of erasure or alteration which might have placed the teller upon his guard.

Tobias waited a year or two to see if the bank would relent, also to take up his obligations. His firm then transferred its account to another bank, and instituted suit in Chancery Court to compel restitution of the $380. Some of the best attorneys in that section were retained on both sides. Messrs. Cates & Price, a very well-known Knoxville firm of attorneys, represented the City National Bank.

The judge of the Chancery Court decided unequivocally in favor of the bank, and assessed the costs against Tobias. Among other technical details, the Court's decision included the following points:

"That while the writing in the body of the check did not resemble that of either member of the Tobias family or their chief bookkeeper, still it had been shown that there were at least two or three other persons in the office who sometimes filled out the checks for members of the firm to sign, and that there was no proof it might not have been filled out by one of these people.

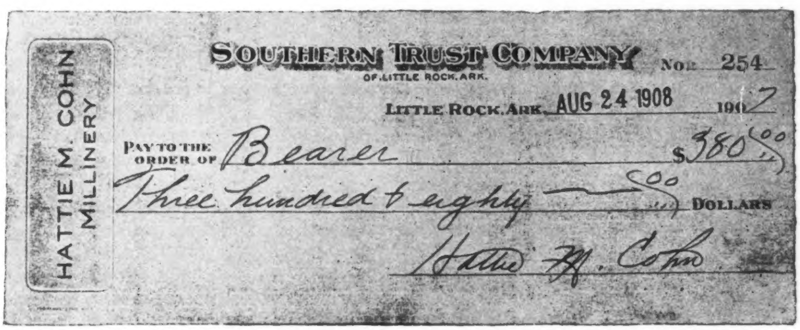
"That it had been admitted the firm of Tobias had never drawn checks payable to 'Bearer,' but that their checks for weekly payroll were often drawn to 'Salaries,' or 'Salaries for week ending,' etc. Moreover that it was shown this bank had many depositors among the other Knoxville business houses who frequently did draw their payroll checks, etc., payable only to 'Bearer'; and that such checks were commonly presented by bookkeepers and other employees having charge of the payroll of those firms, and were cashed without any indorsement on the back thereof."

Again, the court pointed out, the day this check was presented, was payday at the Tobias store.

"That the check at the time of its issuance was new and clean and bore no sort of evidence of having been altered or erased in any way, and there was nothing in

THE CHECK THAT CAUSED THE LAWSUIT.

One of the first cases of this particular kind on record from an appellate court. Plaintiff claims he drew the check carefully for only $29.57, in September, 1907, payable to Alfred L. Simon & Co., a wholesale feather house, and that it was altered as shown. Also, that the defendant bank had previously agreed to assume responsibility in case it honored a "raised" check against his account. Bank's defense was a general denial of negligence and of any evidence that the check had been raised. Both the trial and appellate courts held that a careful examination showed no trace of alteration whatever, that the check had not been changed, but that the plaintiff might have drawn it carelessly or signed it "in blank" through inadvertence. Decision for the bank, with costs to be paid by plaintiff. The facts, if they could be proved, were about as follows: The check was stolen from the Simon mail box in New York, and completely washed off with acid, except the signature—making it in effect, as the courts indicated, a check "signed in blank." It was then rewritten as shown, brought to Knoxville by a member of the gang and cashed over the counter at the drawee bank—the date being filled in at the last moment to correspond with the day it was cashed. (Compare this check with the Hyman & Hess and Cohn checks, which were stolen from other New York wholesale concerns in the same neighborhood at about the same time—September-October, 1907.) The forger whose handiwork appears on these three checks and many others practically identical with them is known, but the evidence is insufficient.



Check for $10.23, carefully drawn to another New York millinery house, mailed October 19, 1907 (within a few weeks of the Knoxville check). Stolen from New York mail box, washed off and raised exactly like the Knoxville check, held by the check raisers for nearly a year, then brought to Little Rock and cashed over the counter for $380.

Check for $38.77, carefully drawn to Reis & Blum, a New York wholesale garment house, mailed in September, 1907 (about the same time as the Knoxville check). Stolen from New York mail box, washed off with acid and raised exactly like the Knoxville check, then brought to Albany and cashed over the counter for $380.

its appearance or on its face to indicate irregularities or put defendant upon notice of any change or alteration."

The decision concluded as follows: "It is entirely clear to the court and is undisputed in the record that the signature is absolutely genuine. There is no evidence at all upon the face of the check, as this court sees it, after a studied, careful examination thereof, to indicate even that there had been any erasures or changes upon the face of the check. *The negligence is that of complainants in its issue and not that of defendant in its payment.* On the hearing of the case below, the Chancellor was of opinion that the complainants were not entitled to any recovery and dismissed the bill with costs."

Immediately, an appeal from the above decision was taken by Tobias & Son to the Tennessee Court of Civil Appeals. Decision on appeal was not rendered until some time in 1916. This decision of the Appeals Court was a full and complete victory for the City National Bank. The lower court was sustained in the most unequivocal language.

A further appeal to the Supreme Court of Tennessee might have been taken, but the language of the sustaining decision was so decisive that Tobias & Son decided not to carry the matter further. Thus, nearly ten years after the date of paying the check, the bank was sustained in its refusal to assume the loss.

And now for some further facts:

The Simon mail box *was* broken open, and checks were stolen from it. The check for $29.57 mailed to Simon & Co. never did reach them, and Tobias & Son were obliged to mail them a duplicate check for $29.57. And the handwriting of the words "Bearer," "Oct. 7," and "Three hundred eighty & 00/100," as well as the figures "$380, 00/100" on the disputed check, are identical with the work of well-known professional check-raisers on a great number of other checks known to have been stolen from mail boxes in the neighborhood of Simon & Co.'s place, at about the same time. These checks were disguised and cashed over the counter at the drawee banks in the towns from which they were originally issued, in exactly the same manner as the Tobias check.

For purposes of comparison of handwriting, etc., two of the similar checks stolen in the wholesale district and raised to the same sum—$380—are reproduced herewith.

Even the circumstances under which the "presenters" cashed these checks are identical. For example, in the Tobias case, it is claimed that a strange man rushed into the bank in shirt sleeves and without a hat, threw down the check, claiming to be a clerk at the Tobias store. He had a plausible and breathless story to the effect that Mr. Tobias had just received a telegram calling him to a distant city on a matter of life and death. He said Mr. Tobias had drawn this $380 check to "Bearer" so the supposed clerk would not need to be identified, and to enable him to draw the cash required for traveling expenses. The "clerk" was to meet his employer at the station and turn over this cash in time for him to catch the train, which was even then due to depart. There was no time for the teller to insist upon identification, or even a telephone verification of the stranger's story. He had to make his choice instantly between paying the check and thereby chancing a loss of $380, or to dishonor it and thereby involve his bank in a possible lawsuit with the depositor in case the latter missed his train. The check was undoubtedly regular in every way, except as to the name of payee.

The law places the blame for loss in a case of this kind on the one who was "negligent." Were Tobias & Son negligent? Their check was drawn with all care, except that they failed to use a modern check-protecting device. Was the bank negligent? There was nothing suspicious in the appearance of the check—no evidence of erasure or alteration that could be detected even under a microscope.

The fact is, of course, that the check-raiser washed off this check with acid, leaving nothing but the signature. Thereby, unknown to anyone, he secured what amounted to a genuine check "signed in blank," which he then dated and filled in to suit himself. Our negotiable instrument laws do not take cognizance of the amazing possibility that a genuine instrument may be erased and changed in this way without leaving any palpable trace of the manipulation. Therefore, it is difficult to see why the City National Bank should have been required to shoulder the responsibility for a loss that was clearly beyond its power to prevent—short of failing in its first duty to its depositor, to honor his order upon it.

DRAFTS AND CHECKS ON CREDIT OF AN ENEMY

The War Trade Board has issued the following bulletin: As regulations are about to be issued aimed to prevent enemy indorsements from being placed upon negotiable instruments payable in the United States, and in order to avoid the enormous labor entailed in establishing the character of all indorsements on negotiable instruments, the War Trade Board has authorized, without procuring a license, the payment of sight or time drafts or checks, where the enemy character of such drafts or checks arises entirely out of the indorsement of such drafts or checks by one or more persons who are "enemies" or "allies of enemies" or are acting for or on behalf of such persons; *Provided, however,* that when such drafts or checks are collected for or on behalf of any person who is an "enemy" or "ally of enemy" or is acting on behalf of such person, the proceeds of collection shall at once be reported by the person making such collection to, and be held subject to the disposition of, the Alien Property Custodian. The War Trade Board points out that the foregoing ruling, without benefiting any "enemy" or "ally of enemy" interests, will obviate the necessity of examining drafts and checks to discover "enemy" indorsements before paying or transferring the same.

The War Trade Board also announces that no licenses will be required to authorize the payment of an acceptance, the drawer of which was not on the Enemy Trading List at the time of the acceptance of such draft, notwithstanding the name of the drawer is subsequently placed on said Enemy Trading List; *Provided, however,* that when such drafts or checks are collected for or on behalf of any person who is an "enemy" or "ally of enemy" or is acting on behalf of such person, the proceeds of collection shall at once be reported by the person making such collection to, and be held subject to the disposition of, the Alien Property Custodian.

Federal Farm Loan System Faces a Hard Winter

BY HOMER JOSEPH DODGE,
Editor, The Bankers' Information Service

THE long, hard road of the Federal Farm Loan Board which appears to be set with as many snares and springes as the proverbial way of the transgressor appears now to have reached a gate of so many bars that a call for assistance has been found necessary. In a communication to the Secretary of the Treasury, George W. Norris, Farm Loan Commissioner, has asked that a recommendation be transmitted to Congress that the Secretary of the Treasury be authorized to purchase from Federal land banks at par and accrued interest farm loan bonds to the extent of $100,000,000 in this fiscal year and a like amount in the next fiscal year, the bonds so purchased to be re-sold by the Secretary at or above the price paid. The Commissioner further states that this legislation would avoid the possibility of a suspension of the operation of the farm loan system.

Carter Glass, Chairman of the House Committee on Banking and Currency, has assured the Board that the measure which has been introduced in the House to carry out this recommendation, shall be expedited and like treatment is expected in the Senate.

The reasons for so extraordinary a culmination to the rosy plans of the Federal Farm Loan Board last spring are varied. The principal reason for the practical failure of the rural credits system is that the gates of the national treasure house have been closed against the Federal land banks and these institutions, created to finance the farmer, find themselves in the embarrassing position of Old Mother Hubbard on the occasion of her celebrated visit to the larder in the interests of her poor dog. There is no investment fund to meet the demands of the American farmer for financing his industry through these semi-governmental institutions.

Last June the Federal Farm Loan Board contracted with a banking syndicate composed of Alexander Brown and Sons of Baltimore; Brown Brothers and Company of Philadelphia; Harris, Forbes and Company of New York city, and Lee, Higginson and Company of Boston, to market succeeding issues of Federal farm loan bonds. The rate on these bonds was fixed at 4½ per cent. and it was agreed that the syndicate would be permitted to market them at 101⅛. In addition to sales of bonds by these bankers, the Board stood ready to sell bonds to the public directly.

But there had been a blunder somewhere. Early in the spring, the Board had been ready to put out its issue of bonds. The twelve Federal land banks had opened for business and had lent to farmers not only their entire capital stock but had borrowed money on their own credit to meet the demand for farm loans at the mortgage rate which had been fixed at 5 per cent.

However, the United States went to war with Germany and the heavy responsibility was placed on the Secretary of the Treasury to sell extensive issues of war bonds. Although it was urged upon the Treasury that the financing of the farmer was a war measure the farm loan bonds were not issued in advance of an impending war loan which, it was known, could not bear so attractive a rate of interest as that borne by the farm loan bonds. Therefore, the issue of farm loan bonds was not made until the first Liberty Loan had been floated.

So large a financial operation as the Liberty Loan set all that complicated machinery in motion which since has resulted in tightening the money market all over the country and has caused the market recession of gilt-edge securities, bringing a threat of ruin on the railroads and other extensive enterprises dependent on the looseness of the national purse-strings.

The inevitable result has been this: The banking syndicate which took over the farm loan bonds has met an obdurate public. An offer of farm loan bonds meets not only stolidness but purses depleted by subscription to the Liberty Loan. The syndicate is saddled with farm loan bonds for which there is no demand of any extent equal to what would be necessary to make the marketing a successfully brisk operation.

In New York city and other money markets of the east bankers and brokers may be found wandering about the rialto hawking farm loan bonds to an unresponsive public. The first step to be taken by the banking syndicate was an expansion of its membership. Several other houses have been brought in to help carry the load of farm loan bonds. Furthermore, banks which invested in these securities early in the summer and now wish to sell them cannot readily find purchasers, because wherever they seek a market they run into a member of the syndicate bent on the same errand.

There is no question in the minds of any of these bankers or investors of the value of the bonds as securities. They are acknowledged to be gilt-edged; but neither has Newcastle any low opinion of coals. Yet Newcastle is not a good market for incoming coals, unless it has an active fuel administrator, appointed since the writing of the proverb.

It appears that the general public was too much infatuated with the idea of buying Liberty bonds to invest in farm loan bonds last summer. The syndicate sold to about 6,000 individuals. Total sales amounted to some $30,000,000, indicating that average purchases were for $5,000 in bonds, not the investment of the man in moderate circumstances. The farm loan is not a popular one on the bond-selling end.

The members of the Federal Farm Loan Board at Washington have been hard at work ever since the organization of the body to make the system a success. But pitfalls and gins have lain in its path from the first. Last summer the Federal Land Bank at Berkeley, California, became involved in difficulties requiring the personal attention of Judge Lobdell of the Board to untangle. The officers of the institution were unable to work in harmony, with the result that the business of the bank was not

pushed as energetically as otherwise presumably it would have been.

The bank at Springfield, Massachusetts, was slow in perfecting its organization, with the result that many persons who had pledged themselves to purchase farm loan bonds, tired of waiting for the appearance of these securities and, obtaining releases, put their funds in the Liberty Loan.

It developed that American farmers are not equipped with those scrupulous niceties of mind which dictate perfection in keeping land records. The banks had difficulty in proving titles to the point of accuracy required under the rural credits act.

Fraudulent farm loan organizations got into the field in competition with the government-sponsored organization and rendered the situation more uliginous. In fact, the course of the farm loan system so far deserves a place alongside the course of true love and the road to Dublin.

When the farm mortgage rate of 5 per cent. was fixed, it was the expectation that, although the commercial rate averaged over 7 per cent. for the country, it would from time to time be reduced. When the premium price of 101⅛ was fixed for the marketing of the farm loan bonds, it was expected that, because of the unquestionable value of the security, the figure would rise.

But only a few weeks ago the Farm Loan Board found it advisable to recommend to the Federal land banks an increase in the mortgage rate to 5½ per cent. and a little later lowered the bond price to 100½.

With the coming on of winter, troubles came to a head in the system. The appeal to Congress for Federal financing was made and statesmen began exercising their constitutional right to make statements concerning which they cannot be questioned in any other place. Senator Penrose, of Pennsylvania, declared outright that the farm loan system was bankrupt. It was that assertion which was promptly followed by the lowering of the bond price "to increase marketability," as the Board explained. This action was in some quarters construed as confirming Senator Penrose's charge.

The Board is finding the cost of making farm loans burdensome. Under existing law no loan of more than $10,000 may be granted an individual. It costs the Federal land banks as much to make a $1,000 loan as a $10,000 loan. The average loan is between $5,000 and $6,000. Secretary McAdoo in his annual report to Congress recommended that the loan limit be raised to $25,000. If this were done, the average cost of making loans would be much reduced as the average size of loans would be increased to $7,000 or $8,000. It is likely that this amendment will be adopted.

Because of the retirement of so much money from the investment market the function of the farm loan system has become increasingly important. Although the American farmer has been paid unprecedently high prices for his products during the past year, there is still need for rural credits to insure an even larger production next year, since the policy has been adopted of feeding the armies of our allies in Europe. Last fall British owners of some $100,000,000 invested in American farm loans, chiefly in the south, gave notice of their intention to call in these loans, at the instance of the British Government. Secretary McAdoo entered into negotiations with the foreign investors and secured their consent and that of their government to permit this money to remain in the mortgages, principally in the south, where it had been invested for many years. However, this incident shows the necessity for continued effort on behalf of the American farmer. No doubt an adequate effort will be made.

Up to December 1, $29,824,655 had been actually paid out to farmers of the United States on 5 per cent. long time loans according to a report of the Federal Farm Loan Board covering the operations of the twelve Federal land banks. This report shows that the total of loans approved by the Federal land banks, including those closed and those awaiting verification of title and other formalities, is $105,136,529.

The report also shows that the total loan applications made to the twelve Federal land banks has been $219,760,740, which has been cut down by reductions and rejections to less than $180,000,000. The interest rate under the farm loan system has been increased from 5 per cent. to 5½ per cent. and the increased rate will apply to all applications which have not yet been approved and accepted by the Federal land banks. Loans which have been approved and notification of approval sent to borrowers are expected to be closed at the old 5 per cent. rate.

Borrowing under the Federal farm loan system is done through co-operative farm loan associations organized by farmers, each association being composed of ten or more farmer-borrowers, and each group borrowing at least $20,000. Up to December 1 the Farm Loan Board had chartered 1,839 such co-operative associations.

The distribution of the closed and prospective business by states and Federal land bank districts is shown in the following table:

Districts and States	Number Associations Chartered	Loans		
		Applied For	Approved	Closed
SPRINGFIELD				
District No. 1				
Maine	6	$371,190	$250,300	$82,500
New Hampshire	1	87,300	24,200	......
Vermont	2	596,287	157,750	4,850
Massachusetts	11	1,166,030	784,425	263,305
Connecticut	8	672,840	450,640	73,850
Rhode Island	2	98,960	66,350	35,600
New York	16	2,467,581	847,315	214,950
New Jersey	9	620,495	431,900	33,400
Total	55	$6,080,683	$3,012,880	$708,455
BALTIMORE				
District No. 2				
Pennsylvania	10	$1,253,545	$635,531	$190,600
West Virginia	12	1,070,836	559,500	182,850
Virginia	48	5,524,518	3,258,000	1,106,750
Delaware	1	29,150	24,000	9,600
Maryland	6	358,485	257,203	110,100
District of Columbia	..	......	......	......
Total	77	$8,236,534	$4,734,234	$1,599,900
COLUMBIA				
District No. 3				
North Carolina	68	$6,498,319	$2,199,046	$418,430
South Carolina	42	5,486,397	1,838,278	382,392
Georgia	18	2,771,778	643,340	56,150
Florida	29	5,906,062	914,050	61,370
Total	157	$20,662,556	$5,594,714	$918,345
LOUISVILLE				
District No. 4				
Tennessee	81	$6,086,252	$3,431,600	$398,100
Kentucky	53	3,888,505	2,222,700	471,100
Indiana	50	3,810,770	2,247,500	879,500
Ohio	10	763,040	415,300	33,600
Total	194	$14,548,567	$8,317,100	$1,782,300
NEW ORLEANS				
District No. 5				
Alabama	59	$6,253,832	$3,169,001	$470,870
Mississippi	95	7,003,184	4,606,144	1,162,615
Louisiana	14	2,036,161	780,220	850
Total	168	$15,293,177	$8,555,365	$1,634,335
ST. LOUIS				
District No. 6				
Illinois	28	$1,697,660	$1,084,515	$186,635
Missouri	48	3,778,615	2,195,945	623,455
Arkansas	64	5,276,440	2,634,990	444,380
Total	140	$10,752,715	$5,915,450	$1,254,470
ST. PAUL				
District No. 7				
North Dakota	46	$12,104,150	$7,711,500	$1,825,600
Minnesota	33	5,708,900	4,188,300	1,038,500
Wisconsin	16	2,137,270	1,735,100	667,300
Michigan	31	4,743,980	2,784,800	886,700
Total	126	$24,694,300	$16,419,700	$4,418,100

Districts and States	Number Associations Chartered	Loans		
		Applied For	Approved	Closed
OMAHA				
District No. 8				
Iowa	5	$3,020,700	$809,700	$96,300
Nebraska	47	7,764,995	3,766,100	993,620
Wyoming	7	2,439,670	545,830	170,400
South Dakota	20	5,156,030	2,407,000	527,100
Total	79	$18,381,395	$7,528,630	$1,787,490
WICHITA				
District No. 9				
Kansas	81	$7,826,677		$3,594,000
Oklahoma	88	6,075,157	Not	1,747,200
Colorado	99	6,782,642	segregated	1,170,200
New Mexico	76	4,207,473		879,500
Total	344	$24,891,949	$12,335,845	$7,390,900
HOUSTON				
District No. 10	153	$22,113,972	$11,488,531	$1,145,345
BERKELEY				
District No. 11				
California	74	$16,102,789	$4,958,360	$1,452,600
Utah	8	2,822,625	681,000	170,500
Nevada	2	461,938	126,700	82,500
Arizona	3	1,161,487	228,900	112,800
Total	87	$20,548,839	$5,994,960	$1,818,400
SPOKANE				
District No. 12				
Idaho	38	$4,555,546	$2,102,010	$762,945
Montana	68	11,915,249	4,604,815	1,632,020
Oregon	57	7,260,783	3,829,670	1,189,800
Washington	96	9,824,475	4,702,625	1,781,850
Total	259	$33,556,053	$15,239,120	$5,366,615

SUMMARY BY DISTRICTS

1. Springfield	55	$6,080,683	$3,012,880	$708,455
2. Baltimore	77	8,236,534	4,734,234	1,599,900
3. Columbia	157	20,662,556	5,594,714	918,345
4. Louisville	194	14,548,567	8,317,100	1,782,300
5. New Orleans	168	15,293,177	8,555,365	1,634,335
6. St. Louis	140	10,752,715	5,915,450	1,254,470
7. St.Paul	126	24,694,300	16,419,700	4,418,100
8. Omaha	79	18,381,395	7,528,630	1,787,490
9. Wichita	344	24,891,949	12,335,845	7,390,900
10. Houston	153	22,113,972	11,488,531	1,145,345
11. Berkeley	87	20,548,839	5,994,960	1,818,400
12. Spokane	259	33,556,053	15,239,120	5,366,615
Total	1,839	$219,760,740	$105,136,529	$29,824,655

Reasons for Making the Dollar the World's Monetary Unit

A Proposed Plan to Render the Gold Coins of the Nations Exchangeable by Means of Slight Changes in Value, Thus Making the Five-Dollar Piece the Equivalent of One Sovereign, Twenty-five Francs or Twenty Marks.

BY SRINIVAS R. WAGEL

WHEN the Second Empire in France was at the height of its glory, Emperor Napoleon III was striving hard to bring about the economic domination of France over the world, in order to round out the unquestioned political domination of France of the time. He planned to bring such domination through the medium of the world's currency, by making the *franc* the basis of the moneys of the world. Being a clever diplomat, he did not show his hand; he adopted the policy of watchful waiting, and let events shape themselves to suit his own purposes. It is not at all improbable that, but for the unfortunate *debâcle* of Sedan, which culminated in the loss of his throne, his dream might have come true.

The events of that period are of special interest to us at present, when the future of the currency of the world is a question of prime importance, needing immediate attention and effective action. The dollar has attained an importance which neither the franc nor even the pound sterling have had in their history. It is not an unworthy or impossible ambition to hope that the dollar be made the unit of international money. Even during the period when the consensus of opinion in Europe was to make the franc the unit of international money, if there should be an international money at all, Jevons wrote: "In this respect the dollar is the best existing unit."

Let us go back half a century: a brief survey of the discussions on international money will prove of invaluable use to us at present. What is of special importance to us is that the United States has played no inconsiderable part in attempting to establish international money; that the efforts failed is no discredit to the United States. The first official effort was made when John A. Kasson suggested to the Thirty-ninth Congress, in May, 1866, in a report of the Coinage Committee, that the occasion of the Paris Exposition of the following year would "furnish the proper opportunity for a free conference between the authorized commissioners of the different governments as to the best means of establishing a uniform system of coinage for the common use of the nations of the world."

Acting on this suggestion, the House of Representatives passed a resolution authorizing the President "to appoint a special commissioner to facilitate the adoption of a uniform coinage between the United States and foreign countries." The fact that the resolution was abandoned was due to the fact that Napoleon had already taken diplomatic steps. The Latin Union, the product of Napoleon's efforts, had just been ratified. Secretary of State Seward had appointed Samuel B. Ruggles as one of the Scientific Commissioners for the United States, and for the special purpose of acting in relation to uniform coinage. Secretary Seward, replying to Berthemy, then French Minister to the United States, stated that the government "had repeatedly manifested its interest in the question of international unification of monetary standards; that the importance of the standard unit of equal value in all commercial countries for the use of account and currency was fully recognized and appreciated, and that the ideal object presented by France being acceptable, it only remained to be decided how the desired result might be brought about."

Opinion in the United States was in favor of a uniform standard of value and exchange. The following extracts from the reply of Senator Sherman to Ruggles is of great interest: "Your note of yesterday, inquiring whether Congress would probably, in future coinage, make our gold coins conform in value to the gold 5-franc piece, has been received. There has been so little discussion in Congress upon the subject that I cannot base my opinion upon anything said or done there. The subject has, however, excited the attention of several important commercial bodies in the United States, and the time is so favorable that I feel quite sure that Congress will adopt any practical measure that will secure to the commercial world a uniform standard of value and exchange. The only question will be how this can be accomplished. The treaty of December 23, 1865, between France, Italy, Belgium and Switzerland, and the probable acquiescence in that treaty by Prussia, has laid the foundation for such a standard. If Great Britain will reduce the value of her sovereign twopence, and the United States will reduce the value of her dollar something over three cents, we then have a coinage in the franc, dollar and sovereign easily computed, and one which will readily pass in all countries, the dollar as five francs, and the sovereign as twenty-five francs. This will put an end to the loss and intricacies of exchange and discount. Our gold dollar is certainly as good a unit of value as the franc, and so the English think of the pound sterling. These coins are now exchangeable only at considerable loss, and this exchange is a profit only to brokers and bankers. Surely, each commercial nation should be willing to yield a little to secure a gold coin of equal value, weight and diameter, from whatever mint it may have been issued. As the gold 5-franc piece is now in use by over 60,000,000 of several different nationalities, and is of convenient form and size, it may well be adopted by other nations as the common standard of value, leaving to each nation to regulate the divisions of this unit in silver coins and tokens."

The International committee continued its work, but the problem was very much complicated by questions connected with the standard, as may be seen from the following propositions which the committee submitted to the Conference: "1. An identical unity in the issue of gold coins by different nations. 2. The desirability of having such coins uniformly nine-tenths fine. 3. The desirability of having for each government pieces of equal value with pieces in other states. 4. Recommending the coins of the

Latin Union as the basis of a general monetary system. 5. Recommending the five-franc piece as the unit. 6. Uniform coins of each country to be legal tender in all the other countries. 7. The desirability of abolishing the double standard where it exists. 8. The desirability of using the decimal system everywhere. 9. The desirability of agreeing upon common measures of control." The Conference was not able to achieve much in the way of practical results, mainly because of the obstacles imposed by the British and Prussian delegations. The United States delegation, however, gave the fullest measure of its support to the project. The Conference adjourned, hoping to complete its labors at a future date. With the fall of Napoleon, the whole project was dropped; even the bi-metallic controversy was closed with the change of Germany to the gold standard.

There is no need of an apology to revive the project after the lapse of half a century. Much as the war has been responsible for the changed conditions, the reasons given by Senator Sherman in June 9, 1868, in reporting from his committee the bill "to promote a uniform currency among the nations," stand paramount to-day as half a century ago: "The same reasons for adopting an international standard of value now exist as induced the American Colonies more than one hundred years ago to abandon their diversified standards of value and adopt as a common unit the American dollar. Every advance toward a free exchange of commodities is an advance in civilization. Every obstruction to a free exchange is born of the narrow, despotic spirit which planted castles upon the Rhine to plunder peaceful commerce. Every obstruction to commerce is a tax upon consumption; every facility to a free exchange cheapens commodities, increases trade and production, and promotes civilization. Nothing is worse than sectionalism within a nation and nothing is better for the peace of nations than unrestricted freedom of intercourse and commerce with each other." There is no such obstacle to international money as there would be to schemes for international arbitration and leagues to enforce peace. As Mr. Kasson said, the only class that will be adversely affected will be the brokers and certain classes of bankers, while the rest of the world will derive decided benefits.

The ambition of Napoleon was the sole reason for making the franc the basis of international money, except the fact that by the formation of the Latin Union it became the money of 60,000,000—a preponderating majority of the civilized peoples of the earth at that time. France, however, was never a great industrial or maritime nation, in the same sense as England in recent times, and Holland in the seventeenth century. The pound sterling has been more of an international money in recent times than any other unit of value—from the point of view of international exchange and not currency. In the sixteenth and seventeenth centuries, the Hamburger bancomark and the Amsterdam guilder were international moneys in a more real sense, and used almost exclusively by the then trading world. But the fact may not be generally known that both these moneys were not currencies; they were pure moneys of account. The proposal of Napoleon to make the franc the basis of international money, and my plan to make the dollar the basis are on the same par; it is the unification of international currency.

Why the dollar? If the reason given is only one of national pride and taking advantage of the present distress in Europe the scheme will not be worthy of serious consideration, and cannot stand the test of careful analysis. The most important of all reasons is that the dollar is the money of 108,000,000 people in the United States and Canada—the most advanced industrial peoples of the earth. The dollar is familiar to more people on earth in all the continents than any other unit of value. The whole of South America knows of the dollar; China uses the dollar extensively; the British Straits Settlements and the Colony of Hongkong have as their basis of currency the silver dollar. The different dollars do not have the same value. There are various kinds of dollars, but the word "dollar" is known so well throughout most parts of the world, even among the masses, that no other unit can be said to be so well suited for the purpose of an international unit. The word is German in origin, and has been one of the coins in England for nearly a hundred years—the half-crown being known among the masses as the dollar—and was extensively used in Spain.

The dollar is known to be the unit of money not only in gold but also in silver. This is of special importance at present. Owing to the locking up of gold and the large issues of paper money, the question of the standard of value and the future of silver are receiving serious attention. There is already a proposal to revive bi-metallism, although it is doubtful whether bi-metallism is possible at present. The fact is that we are in the same position today with regard to the standard and international currency as we were fifty years ago. Whatever course is ultimately adopted, the fact that the dollar can be the unit of both gold and silver money will prove of considerable importance. The only other unit that has a similar merit is the franc; for obvious reasons, the adoption of the franc as the unit of international money is now out of the question.

The third reason relates to our financial and economic position. The war has bled the European countries, both physically and financially. Only two years ago, it was thought hardly possible that the United States would be transformed into a creditor nation on the present scale; also, that powerful nations like Great Britain and France would be our principal debtors. It so happens that we are paying a heavy price, in the shape of internal disorganization, in order to achieve that position; but it is one of the fortunes of war. The fact is that instead of being a debtor nation, we have become a creditor nation with approximately $3,000,000,000 owing to us from Europe. The longer the war continues the greater will be the sum to our credit. On the other hand, Great Britain and France have withdrawn their credits, and some of their debtors have become practically insolvent. Our trade is the largest not only in the history of our country, but also in the history of the world. In spite of the enormous demands upon the national purse, the interest rate in New York is lower than the interest of the European countries. After the war, once the governments in Europe relax the restrictions, the disparity between our rates and those of the European countries will be even greater. Although it is not probable that the advent of peace will bring about such a large volume of trade as many expect, it is almost certain that our volume of trade will be greater than that of any other country. Hence, it is fair to assume that the dollar will become the unit of inter-

national commerce like the pound sterling, whether any legislative action is taken or not.

It is needless to go on adding to the reasons. The several countries are already beginning to feel that an international unit of value will prove of great help to reconstruction after the war. The desire for uniformity is seen even in Great Britain, which has ever been unwilling to change its financial methods. There is a serious proposal to adopt the decimal system in coinage, thus bringing British coinage on a par with the coinage of the rest of the world. Hence any initiative on our part with regard to an international unit of value will meet with sympathetic response in all parts of the world. Our efforts again will not be viewed with the suspicion which the proposal of Napoleon evoked in many countries. After all, the benefits will not be altogether ours; at the outset, in any case, other countries will derive more benefit than the United States—for the reason that this country will be the creditor, and uniformity favors the debtor more than the creditor.

It may be argued that the proposal involves international action, and that the experience of the world has shown that international action in such matters has been rarely productive of practical results. But times have changed. The war has already started the mechanism for international activities, and a nucleus is already there in the combination of the Allies. I do not want it to be assumed that my proposal is a sort of Paris Conference, having for its object the shutting out of the Central Powers from economic activity after the war. The fact is that the proposal will prove of benefit to everyone. With many people the mere mention of an international agreement makes them quite deaf with their own volubility. "In the first place," they say, "we can never get all the nations of the world to agree." The answer is, that four great commercial nations will be more than enough. Countries such as Turkey or Greece or Portugal, or even Russia, might join the convention or not join it, and it would make no more difference than two or three old ladies moving to the side of a great steamer would capsize it; such countries, if they happened to have any metal to coin, would probably find it convenient to keep within the rules of the convention, just as the old ladies would find it convenient to keep within the steamer, though it would make no difference to the steamer if they fell overboard. Then when the word general or universal is seen to be intended in a practical and not a metaphysical sense, an attempt is made to magnify the initial difficulties—to show that any agreement on such a mysterious subject as coinage is impossible. The way to make a molehill appear like a mountain is to cover it with a thick fog, and the way to make a moderate difficulty appear insuperable is to clothe it with vague and mysterious language."

It may be argued that international action failed in connection with bi-metallism, and that Germany's going over to the gold standard was enough to shatter the hopes of the bi-metallists. It is apparently true. But it must be remembered that Great Britain, the most powerful of the industrial nations, was thoroughly unwilling to make a change; France was no longer enthusiastic about it; in the United States it bcame a party question; consequently, Germany's action proved the proverbial last straw. At present, if powerful nations like Great Britain, the United States and France agree—and it will be to the benefit of Germany to agree—the other nations will find it advantageous to follow suit.

It will take too much space to discuss the scheme in detail in all its practical applications. Also, it must be remembered that gold is not likely to circulate for some time to come; and whatever the unit, it will have to be the money of account like the bancomark of the Hamburger Girobank of the seventeenth century. It is well known that the bancomark proved of invaluable help to foreign trade at a time when the currencies of the world were in an utterly disorganized condition in Europe. Our dollar will perform a similar function, and the disorganization now and after the war will be no better or worse than that in the seventeenth century. The first object of the plan must be to provide a coin of equal weight in gold, and which will be freely exchangeable in all the countries. Even if the coins are not allowed to circulate, accounts will be settled on the basis of this coin weight. The five-dollar gold piece weighs 7.5235 grammes. The object must be to make the five-dollar gold piece equal to one sovereign in England, twenty-five francs in France and twenty marks in Germany. The comparative gold weights of these coins, under the present schedules are:

£1	7.3224	grammes	pure	gold
25f.	7.25806	"	"	"
20m.	7.16846	"	"	"
$5	7.5235	"	"	"

All other coins but the British sovereign, which is 916 fine, are 900 fine; there is no doubt that, apart from other schemes, the British will change their coinage plan and make their coins in future 900 fine. In this connection, I must state that there is no 25-franc piece in France at present, the existing piece coin being a 20-franc piece, with 5.80645 grammes pure gold. But at the conference of 1867, the French Government agreed to have a 25-franc piece, in order to help bring about uniformity.

The plan will be to create a 25-franc piece in France, and bring the weight of gold in that coin as well as in the pound sterling and the 20-mark piece to 7.5235 grammes, or the amount of the gold in the $5 piece. Then, these coins will be exchangeable in all these countries; at least accounts can be settled on this basis. In another article, I will take up the details of my plan, as well as the manner in which it can be applied to other countries.

Sale of War Savings and Thrift Stamps a Task for the Bankers of America

THERE is a task before the bankers of America to-day. It is a task voluntarily assumed for the good of the nation, and concerns the creation of an army of thirty million savers for the period of the war. They are to be enlisted through the medium of War Savings and Thrift Stamps, which are to be sold to the public through every available channel. It is by acting as agents for the sale of these stamps that the bankers can fulfil a great national obligation.

The campaign of saving began when Frank A. Vanderlip dropped everything to go to Washington as a dollar-a-year employee of the government and take charge of the job of working out the plan in all its details. Knowing the power and influence of the American Bankers Association, he requested President Charles A. Hinsch to place the machinery of the Association at the disposal of the War Savings Committee. Mr. Hinsch complied by giving more than the mere use of the Association's name and his own personal influence—he arranged to furnish to the committee the services of three members of the A.B.A. War Loan Committee, who had received their baptism of fire in the first Liberty Loan campaign and were peculiarly capable of handling the problems in view. These three men are Jerome Thralls, Secretary of the National Bank and Clearing House Sections, Milton W. Harrison, Secretary of the Savings Bank Section, and R. F. Ayers, a New York sales expert who had given his services gratis to the War Loan Committee. With this dynamic trio in charge of the details, Mr. Hinsch gave his own attention to the broader task of bringing home to the bankers, by personal appeal, the necessity for an adequate and generous response. In this he was aided by Secretary McAdoo, who gave his indorsement to the work of the American Bankers Association.

To Messrs. Thralls, Harrison and Ayers was assigned the specific duty of bringing every bank and trust company in the country actively into the war savings movement, by the formation, in each institution, of a war savings division for the sale of War Savings and Thrift Stamps. Each institution was advised to appoint an executive, to be known as director of the war savings division, to study the movement, to expedite the sales, and to further the campaign in each community. Letters setting forth the aims of the campaign, educational matter regarding its details, full instructions for procedure and application forms for the institution executives to sign, in response to which they will receive appointments from the Treasury Department as government agents for this purpose, have been sent to every bank and trust company in America. Their response has been immediate and impressive.

There are always a few institutions, however, which for various reasons, no matter how important the movement, are late in getting into action. The present case is no exception, and for a variety of reasons, either through absence of the proper executives, through a temporary pressure of affairs, or other restrictive conditions, some institutions have not, as yet, responded. Those which have not yet sent in agreements to act as agents in the sale of War Savings and Thrift Stamps and which have not suggested for appointment one of their employees, preferably an official, to act as director of the war savings division, are urged to do so immediately.

The campaign as worked out is destined to have an influence more far-reaching than any movement which has been instigated by the government in the last generation. It is a campaign to teach the American people the underlying economic reasons why they must save; the benefits of economy, thrift, the accumulation of a competence, and the sound, safe methods of investing their savings to the greatest individual good and public benefit. There can be no finer, greater work than to teach a nation the proper use of money, so that it will increase the resources of that nation, build up the independence, productivity, value and influence of the individual, enrich communities, strengthen and develop geographical sections and double the economic growth.

The organization headed by Mr. Vanderlip is making a specific drive to secure thirty million new savers—thirty million people who will abstain from buying every luxury and many of the things which they formerly considered necessities, but which for a period of two or three years —for the probable period of this war—can be easily done without, provided a resolution of real, permanent force is made to do without them. So complete is the organization that every possible influence will be exerted to teach this necessary lesson to every element of the people. Schools, church societies, civic and commercial organizations, fraternal orders, labor organizations, social clubs, every business, social, religious and community force—all are being enlisted and the whole-hearted efforts of their most able and active members used to drive this lesson home.

Every household will be taught that every unnecessary expenditure will take just so much labor and material from the government; that every dollar spent, without absolute need, competes with the government for labor and materials, which it must have in order to purchase the unprecedented volume of arms, equipment, supplies and food needed to maintain our armies in the field and increase their personnel. The campaign will show that by means of War Savings Stamps and Thrift Stamps, small government instruments of complete safety, every wage-earner can aid the government every week to secure the funds it must have to pay for its purchases, by putting his savings directly from the pay envelope into the issues which the government has made available to every household.

A bank which sells one twenty-five cent Thrift Stamp to an individual and thereby starts a previously improvident person on the habit of thrift, changing a thoughtless unit of population into a thinking producer, is doing a real service to the nation. This action, multiplied one thousand or five thousand times, becomes one of the greatest possible factors in safeguarding and upbuilding the prosperity of America.

Patriotism is, of course, the motive which primarily inspires the banks and trust companies to take an active part in this campaign. Still it is, from the standpoint of good business, a necessary action on their part. We must increase our savings above the pre-wartime figures of six billions yearly. The people in every community must multiply by three their usual yearly savings, and the greatest educational campaign in the history of the United States is now in progress to make them do it. Every bank and trust company will feel the results in greatly increased business for years after the war.

Experiences in the Liberty Loans, by thousands of banks which have reported to the American Bankers Association, show that in many instances, even in small communities, a very large percentage of persons who never previously had a bank account, became bond purchasers by means of small weekly payments, quickly increased the amount of their savings, paid off the loans, persisted in the habit of thrift, opened bank accounts and are today depositors of increasing value. This is what will happen to those who go into the banks and purchase War Savings Stamps and Thrift Stamps. Every community will grow in wealth and every bank and trust company will inevitably participate in this growth. Every institution should devote its energy to applying as much of this movement as possible to its community—every institution should reap the benefit, for its community and its own future growth, of the tremendous effort, exerted by all classes of society throughout the nation, to educate the people to save with a completeness and determination which can, with the co-operation of the banks, actually double bank deposits within the next few years.

The three American Bankers Association workers occupy an office at 1429 F Street, directly opposite the Treasury Department in Washington. They will be glad to respond to any letters on this subject and to answer inquiries.

Their activities have also been employed in the formation of war savings societies. Forty-two thousand of these have been formed in England, where they proved to be of the greatest benefit in creating, among millions of people, a concerted effort of the most rigid saving to secure victory. Messrs. Thralls, Harrison and Ayers were able to greatly simplify, in fact to Americanize, the war savings society idea, and make it practicable for use in this country. It is estimated that over 200,000 of these societies can be formed in America if the duration of the war permits. The experience of England indicates that, in this country, these war savings societies can secure an eventual membership of between fifteen and twenty million people, who will increasingly develop as economic factors of production and wealth—increment, to a degree previously unknown. The members of these societies are each to pledge themselves to systematic saving, to abstain from the purchase of all luxuries and unnecessary things, in order that labor and material may be freed to supply the arms and equipment which the nation must have. The members further promise to invest the savings, so accumulated, in War Savings and Thrift Stamps, so that the government may obtain, every week, a steady flow of funds, enormous in the aggregate, in order to pay for the labor and material freed by the economy of these war savings society members.

These groups of savers will hear discussed the problems of capital, production, investment, re-investment, the proper employment of funds, the co-ordination of industries, the inter-dependence of these industries upon each other, the relation of every little town to every big city, through manufacture, production, distribution, transportation, human energy; the problems of labor, of cost prices and their reason. It is planned that, at the fortnightly meetings of these war savings societies, able speakers will present for discussion the foregoing topics, will explain them and talk them out with the American people assembled for that purpose.

Every bank and trust company in the nation should exert its utmost endeavors to apply to its potential customers, the forces of this campaign, for its own interests, for the interests of the community, for the upbuilding of wealth, and for the patriotic service of doing its share in the production of funds to save American lives on our battle lines.

Every institution which has not already done so, is urged to complete the form already received and send it to the Treasury Department at Washington immediately, accepting the appointment as authorized agent for the sale of War Savings and Thrift Stamps and suggesting for appointment a member of its force as director of the war savings division of that bank or trust company. This man, when appointed, will be sent the material which, from time to time, will make that institution a direct beneficiary from this nation-wide movement in which all the best elements of America are taking part.

It is a source of considerable pride to the American Bankers Association that its own officers and workers should have participated in preparing and putting into operation a plan of such magnitude.

WESTCHESTER BANKERS FOREGO BANQUET

At a meeting of the Westchester County (N. Y.) Bankers Association, held December 8, the following resolution was adopted:

> "Our country is at war and following the suggestion of President Wilson and our government authorities, both national and state, the Westchester County Bankers Association desiring to do its proper part in the conserving of all resources toward the winning of the war, it is hereby
>
> "*Resolved,* That this Association forego its annual dinner for the year 1918.
>
> "*Resolved,* That copies of this resolution be forwarded to the American Bankers Association, New York State Bankers Association, New York *Sun* and to all Westchester County papers."

Safe-Keeping of Bonds for Small Holders

A Plan Adopted in New York — Its Extension Throughout the Country Advocated as an Aid to Liberty Loans.

BY MAURICE LEON

IT is not generally known that as far back as October 16, 1917, a plan was adopted in the state of New York facilitating the safe-keeping of bonds of the Liberty Loans for small holders. The plan is set forth in the memorandum appended hereto and the circumstances of its adoption in New York are set forth in the note which accompanies it, which was written immediately following such adoption.

A start thus having been made in the premier banking state of the Union, the other states may be expected to follow in due course, for the same reasons which led the Banking Department of the State of New York to recommend its adoption by the savings banks of that state hold good in every other state. If the plan is made to operate throughout the country by the time preparations for the next Liberty Loan are made, it should bring to the support of that loan many small holders who did not subscribe to the previous loans because they were concerned as to the safe-keeping of bonds when delivered.

The plan has the further value of assimilating investment in United States bonds to savings in the minds of the masses of our people. From the standpoint of the savings banks it should be welcomed for all these reasons and also because it contemplates that persons of small means instead of withdrawing their savings bank deposits in order to purchase United States bonds, shall find new usefulness in the savings banks through being enabled to deposit their bonds there.

There is given thereby to the savings banks the opportunity to encourage their clientage to save in order to invest in the securities of the nation. This the savings banks can do without introducing any new mechanism or instrumentality.

The plan is actually working in New York and its uniform adoption in every other state must prove a valuable preparation for the next Liberty Loan whenever it comes.

The plan incidentally is the suggestion of the man who secured the placing of the first French war loans in the United States. These early French loans of the fall of 1914 and the spring of 1915, whose history was told in the December number of this JOURNAL, may be called the infant liberty loans which in time grew to be the giants of the present time.

SUGGESTION OF A MEASURE TO POPULARIZE THE LIBERTY LOAN AMONG THE MASSES

By Maurice Leon of the Bar of New York

The success of the present Liberty Loan will be measured not alone by the extent to which it is subscribed and over-subscribed as compared with the first, but also by the total number of subscriptions as compared with the total secured for the first loan. The country could more easily afford to have a larger number of subscribers and a smaller percentage of over-subscriptions than *vice versa*. An increase in the number of subscribers will be notice both to friends and enemies that the number of Americans able and willing to support the Government financially in the prosecution of the war has increased since the first Liberty Loan.

The great obstacle in the way of increasing the number of small holders of United States bonds is summed up in the question which they generally ask: "After I get my bond, what do I do with it?" Wage earners, small shopkeepers and farmers usually do not invest in bonds because they have no facilities for safe-guarding them. It is therefore necessary to provide such facilities in order to induce them to resort to that form of investment. In the City of New York banks have already agreed to hold United States bonds for customers for a year. The practice in other parts of the country varies. The solution of the problem to be as effectual as it can be made, ought to provide a standardized method, open to the masses, settling easily and without expense the question of the safe-keeping of United States bonds for small holders.

In the discussion of financial support of the government in time of war there is frequent reference to the example of France. One of the familiar instances is the payment of the war indemnity in 1871 but the unanimity of financial support given by the masses of the French people to the government in the present war is, if anything, even more inspiring. One of the reasons tending to explain why the French masses so readily subscribe to the bonds of their government is the system prevailing in France with reference to the safe-keeping of securities and the collection of coupons of small bondholders. French wage-earners, small shopkeepers and farmers leave their securities at the bank. These securities are entered upon their account and the coupons collected from time to time and the proceeds of the same entered to their credit. In order to popularize the Liberty Loan among the masses in this country, it is essential to provide a general standardized system for the safekeeping of bonds subscribed by small holders and the collection of interest thereon, an equivalent to the system developed in France which has helped so powerfully to popularize loans among the French masses. The following plan is suggested for this country as an adaptation of the French system to the situation in this country:

Savings banks throughout the country should receive Liberty bonds from their depositors. The last two pages of each bank book should be devoted to entries of deposits and withdrawals respectively of Liberty bonds, for example:

UNITED STATES GOVERNMENT BONDS

Deposits			*Withdrawals*		
Oct. 1, 1917	3½%	$50.00	Nov. 1, 1917	3½%	$50.00
Dec. 1, 1917	4%	100.00			

As coupons mature they would be collected by the bank and credited as is interest on the money deposited on presentation of the bank book, following the maturity of the coupons.

It will be noted that this plan does not involve any extra expense whatever. The means of identification employed for the protection of both the bank and the depositors in regard to deposits and withdrawals of money and in the event of the loss of the bank book apply automatically to deposits and withdrawals of United States bonds. The same clerks who receive money for deposit receive bonds for deposit; the same clerks who pay out money withdrawn deliver bonds withdrawn; the same book of deposit is employed both for money and bonds. The net result achieved by this plan is:

1. To assimilate investment in United States bonds to savings in the minds of the masses of our people.

2. To facilitate the safekeeping and coupon collection of United States bonds for the masses among which the practice of renting safe deposit boxes, clipping coupons and depositing them, is comparatively unknown.

3. To bring this about without expense, thanks to the utilization of existing machinery for the work to be done.

The immediate adoption of this plan through action by the Treasury Department in co-operation with state banking departments would tend to meet a real obstacle to the popularization of investment in United States Government bonds by the wage-earner, small shopkeeper and farmer.

FOREIGN BONDS AND HIGH INCOME YIELD

BY SEYMOUR KNIGHT

THE British, French and Russian short term bonds have recently sold at prices which give income yields considerably higher than ten per cent., the highest income basis for which bond values are at present published. Tables of bond values show that for short term bonds a very slight lowering in price raises the income rate with great rapidity. This is very well illustrated by the United Kingdom of Great Britain and Ireland 5½ per cent. bonds due November 1, 1921, the Anglo-French 5 per cent. bonds due October 15, 1920, the City of Paris, France, 6 per cent. bonds due October 15, 1921, the French Municipal 6 per cent. bonds of the cities of Bordeaux, Lyons and Marseilles due November 1, 1919, and the Russian Government 6½ per cents. due June 18, 1919, and the 5½ per cents. due December 1, 1921.

It is a very noticeable fact that the Liberty Bond issues of the United States Government have remained fairly stable while the foreign bonds have declined. The customary way that a bond man calculates a rough income yield is as follows: Take for example the City of Paris, France, 6 per cent. bonds due October 15, 1921, and selling at $73 for a $100 bond. The discount is $27 which, divided by four years to maturity from October 15, 1917, gives $6.75 per year or 6¾ per cent. Adding the cash rate of 6 per cent. gives 12¾ per cent. yield and which is considerably lower than the true bond yield. Dividing the $27 discount by three and one-half years to maturity from April 15, 1918, gives $7.71 per year or 7.71 per cent. Adding the cash rate of 6 per cent. gives 13.71 per cent. yield. This again is too low. These bond yields are approximately 15.1 per cent. and 16.3 per cent. respectively. It is, therefore, seen how incorrect is the customary method of calculating bond yields by simple interest. This method is also incorrect in that the par value is taken as the invested principal for the full time. The injustice of this is apparent.

To show how a bond value may be calculated for a high yield, suppose it is required to find the value of the City of Paris, France, 6 per cent. bonds on a 16.3 per cent. basis, on April 15, 1918, or three and one-half years to maturity. The simplest way is to find the discount.

First.—The 16.3 income basis less the 6 per cent. cash rate gives 10.3 per cent. difference in rates.

Second.—The 10.3 per cent. difference divided by the 16.3 income basis gives $.6319 for a $1.00 bond or $63.19 for a $100 bond.

Third.—The amount of $1.00 at one-half the income rate for twice the time in years is $1.00 multiplied by $1.0815 seven times which gives $1.7306.

Fourth.—Dividing $63.19 by $1.7306 gives $36.514 the present worth.

Fifth.—Subtracting $36.514 from $63.19 gives $26.676 the discount.

Sixth.—Subtracting $26.676 from $100 gives $73.324 the bond value for the income basis of 16.3 per cent.

The great difficulty in calculating bond values is to perform the third above calculation or to multiply $1.0815 by itself seven times. This is done by logarithms in the following manner. The logarithm of $1.0815 is .0340265. Multiplying by seven gives .2381855. The number corresponding to this logarithm is $1.7306 or the amount of $1.0815.

The division of the fourth step may be performed by means of logarithms. The logarithm of $63.19 is 1.8006484. Subtracting .2381855 gives 1.5624629. The number corresponding to this logarithm is $36.514.

By the above method any discount bond value may be calculated by first knowing the maturity, the cash rate of interest and the income basis.

Why Bankers Should Withdraw Capital from the Field of Non-Essentials

BY JOHN R. STEWART

CAPITAL is the motive power that makes the wheels of business go round. Its strength is in its mobility; and the bank is its mobilizer. And, with the magnificent machinery of the Federal reserve system, it is a mobilizer of no mean proportions.

Real capital is the product or goods emerging from a useful combination of the free elements of nature and expended human energy. It is what man has created out of what God has made him heir to—the land, the sea, and the air. In the final analysis it is native material plus labor.

Perhaps the genesis of capital would establish its alpha in the creative genius of our modest forefather, Adam, who became dissatisfied with things as nature had provided them and undertook to adorn himself with the proverbial fig leaf. Anyway, from that day to this, the people of all ages have devoted much of their time and energy to the creation of a wealth of productive capital, in order that poor old Adam's conception of human adornment might be elaborated and made more and more expensive. Hence capital has accumulated as the necessity for it has developed, and by force of social standards, set by ambitious individuals, we now find ourselves besought with unlimited needs and blessed with enormous capital resources with which to meet these needs.

It is not an uncommon or an unpardonable belief that a bank creates capital. However, the belief is based upon superficial rather than fundamental reasoning, and is not consistent with the whole truth.

The mission of the bank, both in purpose and in fact, is to mobilize capital and not to create it. By bringing capital together in the form of small deposits and placing it in the hands of organized producers in effective quantities, it is true that a bank does contribute a large service in the creation of further capital. However it does not directly create any capital, nor is its loaned credit real capital. In fact, its credit if sound, is in effect a temporary equity in real capital possessed by the borrower, and not capital itself. Some credit, it is true, is an equity in future capital, or goods which *it is hoped may be produced* by virtue of the credit service. However, this is not legitimate banking credit.

Then, since it is clearly the bank's job to mobilize and not to create capital, what is the bank's position in the light of our present war burdens; and what will be our banking status after the war?

Already considerably more than one hundred billions of dollars' worth of real capital has been consumed by the devastating frenzy of Hell—War. This is equivalent to half the whole wealth of our own great nation; and the machinery of destruction and waste is only well under way. Some forty million picked men are lined up in battle array, eating, wearing, and shooting away by the millions the capital goods provided by those remaining at home. They are consuming and destroying, wholesale, but not producing anything.

America's cost alone in war disbursements at the present time is fifty million dollars per day. Add to this the absolute loss, by death, of some ten million of our very best and most productive men whose final service to society was to fertilize front-line soil, too torn and guttered by shell and trench to be again of value for aught but scenery and souvenirs. Throw into the count fifteen or twenty odd millions of injured and crippled capital producers, many of whom, from a purely economic standpoint, would be worth twice as much to society dead as they are in their present state of helplessness and dependence. Eliminate another five million as idle prisoners of war. Reckon with the disorganization of the whole economic régime in every land and how long it will take for it to resume its ante-bellum status. Don't forget the ships sunk, the orchards peeled, the forests felled, cattle killed, morals lowered, and hate generated. All incalculable losses.

Now, as a rough guess on duration and total cost *double* this whole horrible estimate and you will have at least some vague idea of the inevitable effect of the war on capital, and conversely on banking.

As war reduces, by destruction, our total capital resources, it naturally reduces our individual banking resources. A large percentage of the resources of a bank is credit, based on real capital goods. Hence credit must shrink in proportion to the shrinkage in real capital goods. Therefore it is time for banks, as credit institutions, to begin to retrench.

Naturally the lines of credit to be first effected will be those lines employed in the production of non-essentials. As the war goes on more and more of the real capital of the country remaining unconsumed in the muzzle or wake of the cannon will be confined by sheer necessity to essentials, *i. e.*, the production of goods contributing to the efficient prosecution of the war, and to the absolute needs of both the combatant and the non-combatant—clothes, shelter and food.

The present duty (both patriotic and selfish) of the banker, then, in recognition of this inevitable shift of every ounce of capital energy from the production of non-essentials to the production of essentials, is to begin the shrinking process in credit to companies and individuals engaged in the production of non-essentials. By so doing he will discourage the employment of capital in non-essential lines and confine its use to essential lines.

Early recognition of the necessity for such a shift by bankers and their immediate aim in that direction will bring about a gradual transition and make it unnecessary for the government arbitrarily and abruptly to compel it. Besides, to wait for the drastic hand of the government to fall might put some bank credits on financial quicksands.

It only remains, then, for the banker to determine what shall be classed as non-essential lines of endeavor.

The answer to this would naturally be governed by the times, and just now it seems safe to say that any product which cannot qualify with undisputed rank under one of the four imperative essentials—clothes, shelter, food

and WAR orders—should be classified as non-essentials. This would include all products that in times of peace would be classified as luxuries and many products of a semi-luxurious nature which we have come to think of, by reason of social standard, as necessities.

To be specific I venture the tip that the following lines are wavering between the laws of natural economic elimination and the fate of government suspension. You can make your own division of the list as between natural eliminations and government suspensions.

Distillers, for beverage purposes. (Already suspended.)

Maltsters, for brewing and distilling purposes.

Brewers.

Wine producers.

Jewelers.

Manufacturers and distributors of pleasure autos.

Silk and fine linen industries.

Fancy lingerie producers and distributors—including all manner of ladies' finery and feathers.

Delicatessens, ice creams, soda fountain, etc.

Confections.

High quality cigars.

Theaters, amusement parks, and movie houses.

Musical instruments.

Art works, including paintings, framings, fancy pottery.

Publications, of non-educational type.

Perfumes and fancy toilet articles.

Florists.

The foregoing list is not all inclusive, but is suggestive of the lines that cannot hope to hold their own under the economic pressure of war finance.

As the question of warehousing and withholding for more favorable market will be more and more under the vigilance of the government, in protection of the public, credit should be cautiously extended to all middlemen, grain dealers, produce houses, and dealers in lumber, coal, iron, leather, wool, cotton, etc., at least to the extent of securing guarantees against hoarding.

After this long list of cautions it is fair to ask: What then are the assured lines? And I would answer, in brief:

Agricultural implements.

All *real food* industries.

Wearing apparel (in essential lines).

All labor-saving machinery.

Shipping, land and water. (Whether privately or publicly operated.)

Dealers in (not hoarders of) coal, iron, leather, woolen and cotton goods.

Lumber, grain, meat, produce, etc.

Although machinery and industries devoted to the production of materials on "war orders" are sound credit risks while the war lasts, I have not listed them in the assured lines for the reason that inevitable peace may leave some of them among the "wavering lines."

In conclusion I would say that the clear duty of the banker, while the war lasts, is to disburse the army of capital now encamped in the field of non-essentials by prompt and certain shrinkage in the credit facilities at their command, and to remobilize *all capital* and *credit facilities* in the camp of essential productivity. This duty is consistent with the principles of good economics, good business sense, and good patriotism, and should be adopted as the immediate policy of every American bank.

Even after the war ends (whenever that may be) the greatest service that the banker will be able to render to the nation, to society, and to himself, as a natural corollary, will be to observe a persistent policy of confining the uses of whatever real capital may remain unconsumed by the war gods, to uses in essential enterprises, and by discouraging its use in the production of luxuries and non-essentials. The idea that normal industrial, commercial and financial status will be resumed, *presto chango*, at the conclusion of peace is too absurd for a thoughtful banker to entertain.

It will be the banker's job, then, to keep capital mobilized in the camp of essential productivity until such time as our re-accumulated surplus will make some of our luxurious ante-bellum enterprises safe economic ventures.

NATIONAL FOREIGN TRADE CONVENTION

The Fifth National Foreign Trade Convention, called by the National Foreign Trade Council, will be held February 7, 8 and 9, 1918, at Gibson Hotel, Cincinnati, Ohio. The keynote of the convention is to be "The Part of Foreign Trade in Winning the War," and in the preliminary notice and call for the meeting Chairman James A. Farrell says:

"The war has added importance to the maintenance and development of foreign trade. It has made clear and paramount the element of national service. It is our duty, as never before, to see to it that the flow of overseas commerce proceeds with uninterrupted regularity and in the largest possible volume, steadily bringing to us the products necessary to the life of the enterprise on which we are embarked, and steadily carrying to our allies, and to our neutral sources of supply, the materials and manufactures that will enable them to maintain their efforts in the field or to continue to produce the food and raw materials so essential to our military success. More than ever the foreign trade of the nation serves a vital national purpose in maintaining the gold reserve and sustaining the huge bulk of national credit upon which the necessities of war are making such enormous demands."

About half the time of the convention will be devoted to the presentation of prepared papers and reports dealing with some phase of the general theme, and the remainder to group sessions for the intensive discussion of concrete problems under the leadership of experts. The general topics to be covered are, "Foreign Trade Achievements Up to Date" and "After-War Conditions of Foreign Trade." Under these headings will come papers on shipping, railroads, finance, steel, textiles, chemicals, lumber, etc.

President Charles A. Hinsch, of the American Bankers Association, has agreed to serve as chairman of the group session on "Banking Facilities for Foreign Trade and Investments." Benjamin Joy, of the National Shawmut Bank of Boston, will serve as vice-chairman, and Harry Lawton, of the Fort Dearborn National Bank, Chicago, as secretary.

TEXT OF THE WEBB EXPORT BILL

Following is the text of the Webb export bill, which is intended to remove restrictions against combinations intended to promote export trade. The bill is now in conference.

65TH CONGRESS, 2D SESSION
H. R. 2316
IN THE HOUSE OF REPRESENTATIVES
DECEMBER 13, 1917

Ordered to be printed with the amendments of the Senate numbered.

(Matter in bold type omitted)

An Act to promote export trade, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the words "export trade" wherever used in this Act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported from the United States or any Territory thereof to any foreign nation; but the words "export trade" shall not be deemed to include the production, manufacture, or selling for consumption (1) *or for resale,* within the United States or any Territory thereof (2), of such goods, wares, or merchandise, or any act in the course of such production (3) **or,** manufacture (4), *or selling for consumption or resale.*

That the words "trade within the United States" wherever used in this Act mean trade or commerce among the several States or in any Territory of the United States, or in the District of Columbia, or between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or between the District of Columbia and any State or States.

That the word "association" wherever used in this Act means any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations.

SEC. 2. That nothing contained in the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety, shall be contrued as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association, provided such association, agreement, or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such association. *And provided further,* That such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or (5) **intentionally and unduly** *the natural effect of which* enhances (6) *or depresses* prices within the United States of commodities of the class exported by such association.

SEC. 3. That nothing contained in section seven of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October fifteenth, nineteen hundred and fourteen, shall be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

SEC. 4. That the prohibition against "unfair methods of competition" and the remedies provided for enforcing said prohibition contained in the Act entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September twenty-sixth, nineteen hundred and fourteen, shall be construed as extending to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

SEC. 5. That every association now engaged solely in export trade, within sixty days after the passage of this Act, and every association entered into hereafter which engages solely in export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written statement setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of incorporation and by-laws, and if unincorporated, a copy of its articles or contract of association, and on the first day of January of each year thereafter it shall make a like statement of the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes in its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this Act, and it shall also forfeit to the United States the sum of $100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the association has its principal office, or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of the forfeiture. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Whenever the Federal Trade Commission shall have reason to believe that an association or any agreement made or act done by such association is in restraint of trade within the United States or in restraint of the export trade of any domestic competitor of such association, or that an association either in the United States or elsewhere has entered into any agreement, understanding, or conspiracy, or done any act which artifically or intentionally and unduly (7) **affects** *enhances or depresses* prices within the United States of commodities of the class exported by such association, it shall summon such association, its officers, and agents to appear before it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its (8) **business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law** *organization, business, conduct, practices, or management in order that they may comply with the law.* If such association fails to comply with the recommendations of the Federal Trade Commission, said commission shall refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper.

For the purpose of enforcing these provisions the Federal Trade Commission shall have all the powers, so far as applicable, given it in "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

Passed the House of Representatives June 13, 1917.

Attest: SOUTH TRIMBLE,
Clerk.

Passed the Senate with amendments December 12, 1917.

Attest: JAMES M. BAKER,
Secretary,

DRAFTS PAYABLE ON ARRIVAL OF GOODS

Philadelphia, Dec. 13, 1917.

Editor, Journal of the American Bankers Assn.

Sir: The question of drafts payable on arrival of goods being a taxable instrument under the most recently enacted revenue laws has been submitted to the Commissioner of Internal Revenue, and his decision that such drafts are subject to the stamp tax appears to be in opposition to what may logically assumed to be the intention of the framers of this law.

In my opinion, as well as in the opinion of many others consulted, a draft that is payable on arrival is essentially a sight draft, as there is no time allowed the payer to arrange for payment, and the draft that comes to a bank for collection under these instructions is payable when presented on demand, or at sight, and the qualifications or conditions "of arrival of the car" do not apparently take away the tenor of the instrument, or give time to the payer in which to prepare for payment, but merely indicate to the bank which holds the draft that the payment should be requested or demanded, according to the terms of purchase and without any reference or consultation with the firm or individual who is to pay the draft. It appears that if the tax applies to a draft of this character then goods sold on thirty days' time and paid by check would be entitled to appear in the same class.

It has been my endeavor to try and analyze the intention of the makers of the law and which it would be logical to assume would be to tax time items and not drafts drawn for debts or for merchandise, where the purchaser or payer is not allowed any grace or time from the bank which holds such drafts. If such drafts are properly signed and have certain papers attached, and any other conditions of sale are complied with, then the draft is to be presented for payment and is practically a sight or demand draft and should not be taxed. As an illustration, it might be stated that if the maker of a draft was to be absent from his place of business in Pittsburgh or any other location, and had sold several car loads of grain or flour to be paid for in cash, by sight draft, B/L attached, and there was some reason that prevented him from sending the goods that day and the drawing of draft was postponed until the goods were shipped, when the drafts were drawn at sight and forwarded for collection. After the drafts arrived at point of payment, the drawer and owner of the goods telephones to hold drafts for two days without presentation, not giving any reason for these instructions. Under the circumstances, this would not take away any part of draft or change the tenor of the instrument and would not, in the opinion of many, constitute a taxable feature in the sight draft as originally created.

It is evident that such a delay in presentation does not affect a sight draft or change it into a time item, and the same reason for delay in presentation is present when the arrival or non-arrival of car is a notice to the drawer to present for and demand payment at sight.

This seems to be a very fair argument to appeal to the Commissioner for a change in his decision as to the taxable feature in drafts payable on arrival.

CASHIER.

PAPER MONEY

Few would disagree with the statement that an undue inflation of paper currency in the country, either in times of war or peace, is not only not desirable but positively dangerous. But the controversies with regard to the future of issues of paper money miss the mark in that they are theoretical discussions. The economic development of the past half century has shown that, in moderate issues, paper money is really beneficial. Those that are against it are mainly influenced by the effects of American "banking" of the colonial period and the period subsequent to the Declaration of Independence.

Speaking against the additions to our paper issues, Mr. Vanderlip said that money is only a medium of exchange; hence, we could dispense with large amounts of such a medium, if only we set ourselves to produce and economize. True, we want goods to enable us to carry on the war to a successful conclusion, and not money. But our production of goods may prove of little use if there are no facilities for exchange. In normal times, when there is activity all round, and credit is unimpaired, the amount of currency—metallic or paper—required, is small in view of the large number of exchanges. The war has disorganized the ordinary exchanges; production in certain lines has increased; in others, diminished or completely stopped. The result is that more money is needed now than in ordinary times. This is the experience of the European countries, including England, where at present the addition to paper currency is over $1,000,000,000.

It is not economical to let out gold—under the present arrangements. The only way to enable us to carry on business is to have paper money, which is as well secured as possible. Let alone war times, in periods of crisis in normal times the Bank of England has had to take recourse to the suspension of the Bank Act of 1844. At the outbreak of the war, when the public in England was rushing madly for gold, the government suspended the Bank Act. The Bank, however, did not take advantage of it; but for ulterior purposes of national financial security, the Bank was relieved of the function of supplying currency to the people by the government directly issuing treasury notes—which total at date £190,000,000.

It would prove to be bad policy to force the country to do with insufficient money at present. With the loan issues that have already been made and forthcoming issues, which are likely to be larger, the demand for currency will increase. The want of it would lead to a great fall in the prices of securities—already depreciated—and disorganization of business. There is also no need for the government going into this business; the Federal reserve has ample gold to issue several billions of paper money. The addition to our paper currency is steadily going on. But such additions should be in time, in order to be of use to us. Paper money is bad and unnecessary, just as killing and war are unnecessary. Now that we are in war, we might just as well expect to win without losing human lives as to do business in the country without increasing paper currency.

S. R. W.

STANDARDIZING BANK WORK TO PREVENT WASTE

BY ROBERT WARK

Manufacturers & Traders National Bank, Buffalo, N. Y.

With the intense development of industry and the expanding of our banking system, it becomes more and more apparent that the time has come when standard methods should be adopted in bank work.

Heretofore the bankers of the country have only concerned themselves with the problems of a financial nature and have paid little, if any, attention to the detail work that is so necessary to the carrying out of financial schemes.

Bank men have come and gone during the life time of our banking institutions and, with few exceptions, they have all been worrying over the bigger problems until in their mad desire to forget the detail work they have allowed a condition to arise that is becoming a menace to the organizations of some of our large institutions.

There are, in this country, over 30,000 banks and banking houses, and I venture to say that there are nearly as many different ways of keeping records, sending out letters, mailing statements and doing all of the other necessary detail work.

It is my purpose to prove, by a series of articles in which I will give actual figures and facts, that the time has come when the banks shall recognize the necessity of standardizing their work in every respect. In these articles I shall take up in succession each phase of bank work and show the many systems that are in vogue in the banks with which it has been my good fortune to come in contact, and I shall prove that thousands of dollars are being wasted annually as a result of the negligence on the part of bank officials to properly supervise the detail work of their institution.

Let us first take the small and unimportant matter of adding machines. It is the adding machine with which the bank worker first comes in contact, and it is the adding machine which no one ever pays much attention to because it is supposed to play but a small part in the financial problems which confront the average banker.

I have been in many banks in many cities and have yet to see the bank which used one make of adding machine exclusively. It is true that many institutions have tended toward one make, but they always managed to have a few other makes around, and even insisted on keeping old models, which were far too antiquated to do efficient work.

Every day there comes a period when all machines are in operation, and when a man who is used to running a certain machine must list items on one of the old models or upon the model which no one else cares to use, what happens? It takes this man twice as long to do the work he is doing as it would ordinarily. Why? Because he is not used to operating the machine, and it is a case of go slow or make mistakes and he usually prefers to go slow. In some cases, if he is young and flighty, he will speed anyway, and then hold up the entire department looking for differences in his work. Of course, this small item of time lost is not to be considered as money lost. That is what a great many bankers will tell you. But the fact remains that whether or not you consider it as money lost, it IS MONEY LOST. The longer it takes to do the work the more help you will have to have because the bank worker demands that his hours be kept fairly regular. Only ten minutes wasted each day amounts to one hour a week. If the waster is being paid forty cents an hour, it may not amount to much in one year, but taken over a period of fifty years, it will amount to $1,040 wasted by one man. And fifty years is a conservative estimate of the life of an average banking institution. When you figure that small waste on the basis of 30,000 banks in the United States there is only a waste of $31,000,000 on account of the ten minutes that one man in each institution wastes each day in trying to use an adding machine with which he is unfamiliar.

Another matter of discussion is the matter of electric adding machines. I have seen some of the largest financial institutions refuse to install electric adding machines simply because some $10 a week man insisted that he could run a hand machine faster than the electric. The plain fact is that the electric machine, on the average, is the fastest machine in operation today. It may not make as much noise and the operator may not seem to be doing as much work, but he is producing results that are way ahead of the old-style hand-operated machine. These are not mere idle words, but are the carefully selected remarks of one who has analyzed the situation and who knows what he is talking about.

Of course, the entire matter of standardization is a question of averages. In one day the bank may be losing only a few cents on this thing and that thing, but taken over a period of the life of the average banking institution the loss by waste is tremendous. The amount of money that is being wasted each year by the banking houses of the country is sufficient to enable them to render many items of service at no charge whatever to their customers, if proper supervision were given the seemingly unimportant matters.

The banker has always preached to the common people that "It is the pennies that make the dollars and the dollars grow into comfortable homes and bank accounts of good size." Has he forgotten the things he is telling others? What is needed in most modern banks is a good house-cleaning. A good way to start is in standardizing. Standardization is the key-note of success in the cost-cutting of our large manufacturing plants. Standardization is the first step in modern efficiency. It eliminates unnecessary work. It does away with waste and it saves the institution that adopts it an enormous amount of actual money in its yearly running expenses.

LEGAL DEPARTMENT

THOMAS B. PATON, GENERAL COUNSEL

UNIFORM WAREHOUSE RECEIPT FORMS RECOMMENDED BY THE AMERICAN BANKERS ASSOCIATION AND AMERICAN WAREHOUSEMEN'S ASSOCIATION

PRIOR to the Atlantic City Convention, a special Committee on Warehouse Receipts of the American Bankers Association met with a like Committee appointed by the American Warehousemen's Association and, after considerable labor, agreed upon two forms of warehouse receipt, one negotiable, the other non-negotiable, to be recommended by the respective Associations for general adoption. The forms so agreed upon were adopted and recommended by the Executive Council of the American Bankers Association at the meeting at Atlantic City in September, 1917, and were also approved and adopted by the American Warehousemen's Association at its Annual Convention in Detroit, December 5, 1917. Following is the report of the Committee on Warehouse Receipts to the Executive Council of the American Bankers Association with copies of the recommended forms. This report with its recommendations was adopted by the Executive Council except the suggestion that a pamphlet be issued to all banks of the country containing a copy of the report and the recommended forms was modified so that, instead of the full report, a summary thereof was directed to be so circularized.

Report of Committee on Warehouse Receipts to Executive Council, American Bankers Association

Your Committee was appointed by President Goebel pursuant to resolution of the Administrative Committee January 17, 1917, to look into the subject of standardization of a form of warehouse receipt for collateral purposes as well as to consider such other matters as might be necessary to insure the protection of holders of warehouse collateral.

Your Committee had a preliminary meeting at Briarcliff on May 8, 1917, at which the work of the Committee was discussed and an oral report was made by the Chairman to the Executive Council at Briarcliff.

Following the Briarcliff meeting your Committee have been active in the collection of a large number of forms of warehouse receipts issued by warehousemen in all sections of the country and covering all kinds of merchandise. Each member of the Committee also collected valuable data from bankers in different sections connected with the use of warehouse receipts as collateral and has made an exhaustive examination and study of such data and a large number of warehouse receipt forms.

On September 20, 1917, your Committee held an all day conference at the office of General Counsel Paton of the American Bankers Association with a Committee appointed by President George S. Lovejoy of the American Warehousemen's Association consisting of Mr. A. M. Read, of the Security Storage Company of Washington, D. C., as Chairman of the Committee and Mr. W. C. Reid of Lincoln Safe Deposit Company of New York City, Treasurer of the American Warehousemen's Association, Mr. F. A. Horne of Merchants Refrigerating Company of New York City and Mr. G. H. Hull, President of the American Pig Iron Storage Company of New York City. President Lovejoy was also present.

At this conference a general discussion took place upon various forms of warehouse receipts, both negotiable and non-negotiable, and resulted in an agreement upon a form of negotiable warehouse receipt and a separate form of non-negotiable warehouse receipt, complying with the requirements of the Uniform Warehouse Receipts Act, adequate for the protection of the banker and practicable from the standpoint of the warehouseman. Copies of these forms are appended to this report, the negotiable form being marked " a " and the non-negotiable form " b." General Counsel Paton sat with the Committee through its entire deliberations and the forms agreed upon were in accordance with his judgment and advice. The Committee of the American Warehousemen's Association will recommend the adoption of these forms to that Association and your Committee respectfully recommend that the Executive Council present this report to the coming Convention of the Association at Atlantic City with the suggestion that such forms be recommended by the Association to bankers generally as standard forms, to be popularized throughout the country and insisted upon by all bankers who make loans on warehouse collateral. We further suggest, if these forms are adopted and recommended by the Association, that the same, with recommendation as to their exclusive use, be brought to the attention of the bankers of the country by (1) publication in the pages of the JOURNAL-BULLETIN of the Association; (2) the issue and circularization of a pamphlet, containing a copy of this report and of the recommended forms, to all the banks of the country, both members of this Association and non-member banks. We would further recommend that copies of this report and the recommended forms be placed in the hands of the Secretaries of all State Bankers Associations with the request that same be brought to the attention of such Association at its next Convention and that they adopt similar recommendations with respect to the use of these forms.

In view of the fact that the recommendation of standard forms of warehouse receipts is but part of the work committed to this Committee and that much other work remains to be done, namely, an investigation of the sufficiency of state laws providing for such regulation of warehouses as will insure safety to the holders of receipts, including inspection or general supervision and licensing, your Committee suggests that the prosecution of this further work be entrusted to the Committee on State Legislation.

Respectfully submitted,
A. S. BEYMER,
GORDON L. GROOVER,
W. H. BURKS, *Chairman*,
Committee.

Form Recommended by American Bankers Association and the American Warehousemen's Association

Consecutive
No. ....

JOHN DOE WAREHOUSE COMPANY

A warehouseman as defined in the Uniform Warehouse Receipts Act of the State of..........................

New York.......................... 191....

This is to certify that we have received and hold on storage the following described merchandise and will deliver same to.......................... or order upon the surrender of this receipt properly indorsed and on payment of storage and other charges as indicated below:

NEGOTIABLE

Marks or Lot Numbers	Packages Said to Contain	Merchandise	Location

Storage Rate..........................

Labor ....

Other charges for which lien is claimed:

....

....

....

....

(Signature of warehouseman which may be made by his authorized agent)

Storage from..........................

PARTIAL DELIVERIES NOTED ON THE BACK OF THIS RECEIPT

REVERSE SIDE

INDORSEMENTS

....

....

Released hereon, the following merchandise; balance of goods in store to be responsible for all unpaid charges hereon.

Date	Number	Packages	Merchandise	Marks or Lot Numbers	Signature of Warehouseman or Authorized Agent

Form Recommended by American Bankers Association and the American Warehousemen's Association

Consecutive
No. ....

JOHN DOE WAREHOUSE COMPANY

A warehouseman as defined in the Uniform Warehouse Receipts Act of the State of ....

New York .... 191......

Received on storage from .... and deliverable to ....
the merchandise described below, subject to delivery on written authority without the return of this receipt:

NOT NEGOTIABLE

MARKS OR LOT NUMBERS	PACKAGES SAID TO CONTAIN	MERCHANDISE	LOCATION

Storage Rate ....
Labor ....
Other charges for which lien is claimed:

....
....
....
....

(Signature of warehouseman which may be made by his authorized agent)

Storage from ....

TRUST POWERS OF NATIONAL BANKS IN NEW YORK

SECTION 11 (k) of the Federal Reserve Act empowers the Federal Reserve Board

"To grant by special permit to national banks applying therefor, when not in contravention of state or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said Board may prescribe."

The Attorney General of the United States in an opinion, copy of which is published in full below, holds that the Federal Reserve Board has no authority under the existing law (Sec. 11 k Federal Reserve Act) to grant to national banks located in New York the power to act as trustee, executor and administrator, because existing law authorizes the grant of power only "when not in contravention of state or local law" and the law of New York empowers only trust companies organized under the laws of the state to act in such trust capacity and corporations other than those organized in New York are expressly prohibited from exercising such powers. As national banks are not organized under the laws of New York, it is held that a special permit to act as trustee would be plainly in contravention of the state law. The Attorney General finds nothing in the recent opinion of the Supreme Court of the United States in First National Bank *v.* Fellows, 244 U. S. 416, in which the constitutionality of Section 11 (k) is upheld, which would justify a different conclusion. The following is the full text of the opinion:

DEPARTMENT OF JUSTICE
WASHINGTON

November 26, 1917.

Sir: I have your letter dated November 16, 1917, with reference to the authority of the Federal Reserve Board to grant to national banks located in New York the power to act as trustee, executor and administrator. I am of opinion that the Reserve Board has no such authority under existing laws.

Section 11 (k) of the Federal Reserve Act of December 23, 1913, c. 6, empowers the Reserve Board:

> Sec. 11 (k). To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said Board may prescribe. (38 Stat. 251, 262.)

The congressional enactment therefore authorizes the special permit only "when not in contravention of State or local laws."

The Act of April 16, 1914, Article V, section 223, Laws of New York, 1914, c. 369, p. 1371, provides:

> No corporation other than a trust company organized under the laws of this State shall have or exercise in this State the power to receive deposits of money, securities or other personal property from any person or corporation in trust, or

have or exercise in this State any of the powers specified in subdivisions one, four, five, six, seven and eight of section one hundred eighty-five of this article, nor have or maintain an office in this State for the transaction of, or transact, directly or indirectly, any such or similar business, except that a federal reserve bank may exercise the powers conferred by subdivision one of such section if authorized so to do by the laws of the United States * * * .

Subdivisions 1, 4, 5, 6, 7, and 8 of section 185 of Article V referred to confer authority upon trust companies to act as registrar of stocks and bonds, as executor and administrator, and as trustee in various capacities.

The laws of New York empower only trust companies organized under the laws of that State to act as trustee, executor and administrator. This is not a case where the local law simply authorizes State banks to assume trust company functions. *Fellows v. First National Bank*, 192 Mich. 640. Corporations other than those organized in New York are expressly prohibited from exercising such powers. Since the national banks in question are not organized under the laws of New York, a special permit to act as trustee would be plainly in contravention of the State law.

I find nothing in the opinion of Mr. Chief Justice White in *First National Bank v. Fellows*, 244 U. S. 416, which would justify, in the present matter, a different construction of the unambiguous provisions of the controlling statutes. The language of the present Chief Justice demonstrates the power of the national legislature to confer authority upon national banks to act as trustee, executor and administrator, where such powers are exercised by State trust companies, even though the State law discriminates against the national agencies in this regard. The power of Congress to determine how far national banks may be subject to State control is settled, and State regulations which conflict with the congressional enactments are invalid. *Davis v. Elmira Bank*, 161 U. S. 275; *Easton v. Iowa*, 188 U. S. 220; *Van Reed v. National Bank*, 198 U. S. 554. But in this case Congress has not exerted its power. By section 11 (k) it has explicitly constituted the local statutory provisions as the criterion of the corporate capacity of national banks. The New York statute, therefore, can not fairly be said to deny to national banks operating in New York a power Congress intended they should have.

Very respectfully,
(sg.) T. W. GREGORY,
Attorney General.

The President.

It is true that the Supreme Court of the United States dealt with a case which came up from Michigan in which it was expressly decided that the exercise of such powers by national banks would not be in contravention of state law if the grant of power was constitutional and the sole question for decision on the merits was whether Congress exceeded its authority under the Constitution in conferring such powers on national banks. But the Supreme Court in rendering that decision discussed and interpreted Section 11 (k) in such way as to lead General Counsel of this Association to a conclusion, contrary to that now reached by the Attorney General. In an opinion rendered to the National Bank Section (See JOURNAL November, 1917, p. 372), the General Counsel said:

> "There are one or two states, New York for example, where the state law expressly prohibits the exercise of trust functions other than by corporations created by the law of the state. It would seem clear after a careful study of this decision of the Supreme Court of the United States that such state laws would not hold where the state corporations are permitted to exercise banking functions * * * . In other words, to sum up, under this decision of the Supreme Court of the United States which amplifies and reads a meaning into Section 11 (k), national banks are eligible to exercise trust functions in any state where trust companies exercise banking functions and any state legislation prohibitory of that will not hold, because against the Act of Congress."

According to the view of the Attorney General, the opinion of the Supreme Court does not justify such a conclusion but simply demonstrates that Congress has power to confer authority on national banks to act as trustee, where trust companies exercise the power, even though the state law discriminates against the national banks in this regard. The Attorney General, however, holds that "in this case Congress has not exerted its power" but on the contrary by section 11 (k), conferring trust power on national banks only "when not in contravention of state or local law" has constituted the state law the criterion; so that when the state law prohibits corporations other than trust companies from exercising trust powers, national banks cannot be granted the right, as Congress did not so intend.

It may not be inappropriate to re-examine the opinion of the Supreme Court to ascertain, if possible, the fallacy of interpretation thereof which led General Counsel to the conclusion that Section 11 (k) authorizes a grant of trust powers to national banks in a state, such as New York, where the laws permit trust corporations to exercise banking powers, while denying trust powers to other than trust companies and that in such a case the grant of power would not be "in contravention of state or local law" because the state prohibitory law, so far as national banks are concerned, would be invalid.

The Supreme Court in stating the purpose or legislative intent of Congress in enacting Section 11 (k), says:

> "Plainly the broad functions enumerated in the statute were conferred upon national banks because of the fact that they were enjoyed as the result of state legislation by state corporations, rivals in a greater or less degree of national banks."

The broad object of the statute, therefore, was to enable national banks to exercise trust powers wherever trust corporations, exercising such powers, were rivals in a greater or less degree of national banks, because of the power also to exercise banking functions. Did Congress intend to defeat or restrict its own purpose in this regard by the clause "when not in contravention of state or local law" so that wherever a state expressly prohibited other than trust corporations from exercising trust powers, such corporations being invested with banking powers, the authority to grant trust powers to national banks did not apply? This would follow from the opinion of the Attorney General, but the question would seem to be answered in the negative by the Supreme Court where it says:

> "The state may not by legislation create a condition as to a particular business which would bring about actual or potential competition with the business of national banks and at the same time deny the power of Congress to meet such created condition by legislation appropriate to avoid an injury which otherwise would be suffered by the national agency."

It would seem to be the view of the Attorney General that while this demonstrates the power of Congress to grant trust powers to national banks in states where there are competing trust companies, notwithstanding the state

prohibitory laws, Congress has not yet done so by the enactment of Section 11 (k), but on the contrary by the qualifying clause "when not in contravention of state or local law," has restricted the authority of the Federal Reserve Board so that national banks cannot be granted trust powers in states where the laws confer such powers exclusively upon trust companies, even though competitors of national banks. Is this a correct view, or did the Supreme Court in declaring that states may not deny the power of Congress to meet such created condition of competition "by legislation appropriate to avoid the injury" have in mind and refer to Section 11 (k) as appropriate legislation already enacted with that end in view? Further light on this question is afforded by the Supreme Court which, continuing its opinion, says:

> "Of course as the general subject of regulating the character of business just referred to is peculiarly within state administrative control, state regulations for the conduct of such business, if not discriminatory or so unreasonable as to justify the conclusion that they necessarily would so operate, would be controlling upon banks, chartered by Congress when they came in virtue of authority conferred upon them by Congress to exert such particular powers. And these considerations clearly were in the legislative mind when it enacted the statute in question. This result would seem to be plain when it is observed (a) that the statute authorizes the exertion of the particular functions by national banks when not in contravention of the state law, that is, where the right to perform them is expressly given by the state law or what is equivalent is deducible from the state law because that law has given the functions to state banks or corporations whose business in a greater or less degree rivals that of national banks, thus engendering from the state law itself an implication of authority in Congress to do as to national banks that which the state law has done as to other corporations; and (b) that the statute subjects the right to exert the particular functions which it confers on national banks to the administrative authority of the Reserve Board, giving besides to that Board power to adopt rules regulating the exercise of the functions conferred, thus affording the means of coordinating the functions when permitted to be discharged by national banks with the reasonable and non-discriminating provisions of state law regulating their exercise as to state corporations —the whole to the end that harmony and the concordant exercise of the national and state power might result."

In the above, among other things, the phrase "when not in contravention of state law" is construed, namely (1) where the right of national banks to exercise trust functions is expressly given by the state law or (2) "what is equivalent is deducible from the state law because that law has given the functions to state banks or corporations whose business in a greater or less degree rivals that of national banks, thus engendering from the state law itself an implication of authority in Congress to do as to banks that which the state law has done as to other corporations." In other words, where the state law gives to rivals of national banks the right to do banking business, there is an implied authority given to Congress, and it is not in contravention of state law, for Congress to grant to national banks the right to do trust business and it would seem to follow, from this interpretation, that even though the state prohibited other than trust corporations from doing trust business, the act of Congress read into the state prohibitory law an implied exception in the case of national banks.

After re-examination of the opinion of the Supreme Court, General Counsel finds himself unable to alter the conclusion previously formed and published. The Supreme Court, in interpreting Section 11 (k), states the broad object of that section to be to confer upon national banks the right to do trust business because of the fact that trust functions are enjoyed by rival state corporations; it also states in effect that the state cannot create a condition of competition by trust companies with national banks and at the same time deny the power of Congress to meet such condition by appropriate legislation, namely, by granting trust powers to national banks; and further, in effect, that where the state law gives trust functions to business rivals, this is an implication of authority in Congress to grant trust powers to national banks, in which case the grant of such powers would not be contrary to the state law. It seems reasonably clear to our mind that the Supreme Court, in its discussion, is not stating what Congress has the power to do, but has not yet done; on the contrary, its interpretation of Section 11 (k) indicates that Congress has already exercised the power to meet the condition of competition by providing authority to the Federal Reserve Board to grant trust powers to national banks in all states where competitive conditions exist, even including those where by positive enactment, corporations other than trust companies organized under the laws of the state are excluded from trust functions. As to these latter the Supreme Court, after saying in effect that the state is powerless to exclude national banks from meeting the condition of competition by exercising trust powers, interprets the phrase "when not in contravention of state or local law" as not applying, because the state, in view of such condition of rivalry, impliedly authorizes the conferring of such powers upon national banks.

Notwithstanding the above, the opinion of the Attorney General as to the extent of authority of the Federal Reserve Board is, of course, an official interpretation of the Act and acting in conformity therewith, the Board has recently, we are informed, rejected applications for grant of trust powers by national banks in Minnesota, because the law of New York and of Minnesota on this subject are very much alike and the ruling of the Attorney General, in the opinion of the Board, will apply equally to Minnesota as to New York.

Questions have been asked by national bank members in these states as to how the situation may be remedied, in view of this recent opinion of the Attorney General. There might be procured (1) such amendment of the state law as to make the exercise of trust powers by national banks not in contravention of the state law as interpreted by the Attorney General, (2) an amendment of the Act of Congress making the law more specific in this regard or (3) possibly a judicial determination of the question as to the eligibility of national banks in such states under the existing law. Concerning this latter procedure, it is questionable how it might be brought about. The Federal Reserve Board are merely authorized, not required, to grant trust powers to applying banks, and so long as the Board deems the opinion of the Attorney General controlling, it is questionable whether a procedure to compel a grant of authority would be successful. If the Board would grant such authority to a particular bank for the purpose of bringing a test case before the courts, a judicial interpretation might be obtained in this way.

LEGAL QUESTIONS UPON TRADE ACCEPTANCES

IN the JOURNAL for December the following legal questions were discussed: (1) the right of the bank at which a trade acceptance is made payable to pay and charge the instrument up to the acceptor's account at maturity without express instruction from him; (2) whether or not a seller of goods receiving a trade acceptance is in any worse position so far as he may have the right of replevin because of breach of contract or fraud, than the seller of the goods who simply charges the purchase price to the acceptor on an open account; (3) in view of the rule of law that an acceptance made payable at another place varies the terms of the bill as drawn and discharges non-consenting parties, the desirability of insertion of a clause protecting the holder by providing a consent that the drawee may accept payable at any bank in the United States which he may designate.

The following additional matters are here presented:

Stamp Tax on Trade Acceptances.

The War Revenue Act approved October 3, 1917, imposes a stamp tax upon

> " Drafts or checks payable otherwise than at sight or on demand, promissory notes, except bank notes issued for circulation, and for each renewal of the same, for a sum not exceeding $100, 2 cents; and for each additional $100 or fractional part thereof, 2 cents."

The Treasury Department has ruled that trade acceptances are subject to stamp tax under this paragraph. In a letter to General Counsel of this Association under date of November 30, 1917, Deputy Commissioner Fletcher says: " The language of Paragraph 6, Schedule A, Title VIII, Act October 3, 1917, permits of no discretion in the interpretation thereof as to liability of trade acceptances or time drafts to the tax imposed by said paragraph. This language clearly imposes a tax upon all drafts or checks payable otherwise than at sight or on demand, and as trade acceptances are not so payable, they are subject to tax."

The Commissioner of Internal Revenue has further ruled that " trade acceptances which are issued with signature of the drawer printed thereon to prevent unauthorized negotiations and are only signed after acceptance by the drawee, are subject to the tax when actually signed by the drawer, who is required to pay the tax and affix and cancel stamp thereon."

Completing Signature of Drawer After Acceptance.

In order to introduce trade acceptances it has been the custom of many merchants to enclose with the invoice of goods sold an acceptance filled out with the amount and other details, together with instructions to the buyer of the goods how to accept it and with further instructions to return it at once to the seller of the goods. To safeguard the transaction and prevent the acceptance from falling into the hands of unauthorized persons, it has also been the custom to send out the acceptance with only a printed signature of the drawer, as for example: " Smith Manufacturing Co.," underneath which is a blank line starting with the word " By." After the acceptor has signed and mailed the instrument back to the drawer there is added in pen and ink after the word " By " the words " John Smith, Treasurer." The device of completing the signature of the drawer only after the instrument has been returned accepted is to protect the instrument should it be lost in the mail or otherwise fall into improper hands.

The question has arisen whether the completion of the signature of the drawer after the instrument has been returned accepted would be such change of or addition to the instrument as accepted as would entitle the acceptor to repudiate the obligation on the ground that it had been changed without his consent. This question has been raised in a particular case by an acceptor who contended that under the law no change or addition can be made on the face of the acceptance after the acceptor has signed it.

Of course, the law is clear that a negotiable instrument is avoided by a material alteration without the consent of the party liable. The Negotiable Instruments Act provides that " where a negotiable instrument is materially altered without the assent of all parties liable thereon, it is avoided except as against a party who has himself made, authorized or assented to the alteration and subsequent indorsers. But when an instrument has been materially altered and is in the hands of a holder in due course, not a party to the alteration, he may enforce payment thereof according to its original tenor." Further, defining a material alteration, the act provides: " Any alteration which changes (1) the date, (2) the sum payable, either for principal or interest, (3) the time or place of payment, (4) the number or relation of the parties, (5) the medium or currency in which payment is to be made; or which adds a place of payment where no place of payment is specified, or any other change or addition which alters the effect of the instrument in any respect, is a material alteration."

It would seem, however, that the completion of the drawer's signature after return of the acceptance by filling in the blank after the word " By," would not be a material alteration within the meaning of the law. There is no change in the number or the relations of the parties and no change in the legal effect of the instrument and furthermore, the execution of the instrument by the acceptor, with the blank unfilled, would constitute an implied authority to the drawer to fill the blank with his completed signature upon return of the instrument to him. The rule is well recognized that if a blank is left for the name of the payee, the holder may put his own name into the blank and sue upon the instrument as payee. Decatur First Nat. Bank *v.* Johnston, 97 Ala. 655; People *v.* Gorham, 9 Cal. App. 341; Moody *v.* Hoelkeld, 13 Ga. 55. The drawer of a bill of exchange or trade acceptance is, after the acceptance of the instrument by the drawee, in practically the same position as the payee of a promissory note and, therefore, the above rule would equally apply to such an instrument. The conclusion seems warranted that the completion of the signature of the drawer after acceptance in the manner described, will not be a material alteration which would avoid the instrument in the drawer's hands against a non-consenting acceptor but would be authorized by the acceptor because of his return of the acceptance to the drawer in this form.

OPINIONS OF THE GENERAL COUNSEL

OBLIGATION OF BANK TO PAY CHECK

A bank is under obligation to its depositor to pay his properly drawn check when duly presented, if the funds are sufficient, but where the check when presented bears a suspicious appearance, it is the bank's duty to refuse to pay until it has had opportunity to make inquiry and satisfy itself as to its genuineness.

From New York—We desire to submit to you a question which has been raised with us recently. One of our depositors, an Italian retail merchant, drew a check upon us in so-called indelible pencil in an amount of $65.00. When the check reached us it was in very bad condition. Some of the figures had been partly erased and the entire writing of the check was rather obscure. We telephoned the maker, who at first stated that he had not drawn the check. We therefore returned it to the bank which had presented it to us in the morning's exchanges. Subsequently the depositor decided that he had drawn the check and so notified us. We endeavor to be very careful in payment of irregular checks and are still of the opinion that the check in question should have been returned by the route it traveled in reaching us and a check drawn in ink obtained in exchange. The local bank to which we returned it protested the item and the owner of the check is now calling upon us for payment of check and fees. We have refused to pay in the first place because we do not consider it properly drawn from the standpoint of good business practice and in the second place because we do not consider ourselves liable for the fees. We know that a check drawn in pencil has been held by the courts a lawful order upon a bank, but we wish to know if a bank may not make rules to enable it to use reasonable care against the possibility of checks being altered after leaving the hands of the maker. If the bank may not make such reasonable rules, how can it protect itself against the practices of careless customers?

The contract implied between bank and depositor is that the bank having sufficient funds of the depositor to his credit, will pay his properly drawn checks when duly presented and if it fails so to do it will be held responsible to the depositor in damages for injuring his credit.

But if a check when presented bears evidence of alteration or there is something about it sufficient to excite suspicion, this raises a duty of inquiry upon the part of the bank and the bank would be negligent if it should pay the check without making inquiry. In other words, where the condition of a presented check is such as to excite suspicion and arouse inquiry as to its genuineness, not only is there no implied obligation of the bank to pay upon presentment without inquiry but the bank would fail in its duty to its depositor if it should make payment.

While the decided cases upon this subject are not numerous, such as exist, as well as the common sense of the situation, will support the above proposition.

Thus where a check was torn in pieces and pasted together and in this condition was paid by the bank without inquiry, it was held that the bank was negligent in so paying and liable for the resulting loss. Scholey *v.* Ramsbottom, 2 Camp. (Eng.) 485; Ingham *v.* Primrose, 7 C.B.N.S. (Eng.) 82.

The rule has been thus stated by the Supreme Court of Kansas in First State Bank of Scott City *v.* Vogeli, 96 Pac. (Kan.) 490: "If the signature was genuine the bank was obliged to pay unless there was something in the appearance of the check to excite suspicion or there was some fact known to the bank sufficient to put it upon inquiry."

The question in every case would seem to be whether the appearance of the check is sufficient to excite suspicion and put the bank on inquiry; if so it is the bank's duty to refuse to pay until by inquiry it is satisfied of the genuineness of the instrument.

In First State Bank *v.* Vogeli, *supra*, it was held that it is not negligence for the bank to pay a check written on a blank form of another bank without making inquiry, and it was further held that neither any rule of law nor the ordinary course of business renders it a matter of suspicion that the body of a check is not written in the handwriting of the maker.

In Israel *v.* State Nat. Bank of New Orleans, 50 So. (La.) 783, a check bore date "New Orleans, La. Dec. 4, 190 ." The depositor contended that the defect in the dating of the check should have put the bank upon inquiry but the court said: "We fail to see why the absence of the '5' in '1905' should have put the bank upon inquiry."

The rule, then, is, that where a check presented to a bank bears a suspicious appearance it is the bank's duty to refuse to pay until it has had opportunity to make inquiry and satisfy itself as to its genuineness. Applying this rule to the case stated by you the check when presented "was in very bad condition, some figures had been partly erased and the entire writing of the check was partly obscure" and the check had been written with indelible pencil. This description of the check would certainly indicate a suspicious appearance, sufficient to put the bank on inquiry. The bank made inquiry of the drawer who stated that he had not drawn the check. It was, therefore, refused payment. Clearly under such circumstances, your refusal to pay was proper and you are not liable for the protest fees. The matter of payment of the fees is one between the drawer and the holder. The fact that subsequent to the protest the drawer notified you that he had drawn the check would not alter the situation.

CERTIFICATION OF CHECK BY TELEGRAM

A check may be accepted by telegram which is a sufficient compliance with the statutory requirement that acceptance must be in writing but to be binding the telegram must clearly import an absolute promise to pay. Where a bank wired "Will you pay A's check on you $100" and the drawee wired reply "A's check on us is good for $100," opinion that the reply wire sufficiently imports an absolute promise to pay and is binding as an acceptance.

From New Mexico—On October 9th we wired the ——— National Bank of ———, Nebraska, to know if they would pay H.D.I's check for $100. They wired us as follows: "H.D.I's check on us is good for $100." We send Mr. I. the money and sent the check through our regular channel of clearance. The above bank protested the check and returned to us on account of insufficient funds. This bank had honored a $12.50 check after having wired us they would pay the $100 check, which left Mr. I's account short $12.50. They are now refusing to pay us the money and we would like to know what recourse we would have

on the above bank in case of this kind. It is not the $12.50 that we are particular about. It is the matter of ascertaining from you whether or not a telegram from a bank is binding.

An acceptance or certification of a check must be in writing but the law is well settled that a promise by telegraph to pay a check satisfies the requirement of writing and is valid and binding.

The only question in your case is whether the wire "H.D.I's check on us is good for $100" in reply to your wire asking if the check would be paid is sufficiently definite as a promise to pay. Evidently you so construed it—as a wire by the bank that they would pay the $100 check—and to the non-technical lay mind such would be the reasonable interpretation and such a wire would doubtless lead nine bankers out of ten to advance value on faith thereof. But the courts seem to split hairs upon such propositions. Let us examine a few authorities.

In First Nat. Bank *v.* Commercial Savings Bank, 87 Pac. (Kan.) 706, the court stated the rule that the drawee of a bank check cannot be held liable upon a claimed contract of acceptance external to the bill, unless the language used clearly and unequivocally imports an absolute promise to pay. The telegram in that case asked "Is J. F. Donald's check on you $350 good" and the reply wire stated "J. F. Donald's check is good for sum named." The court held this did not import an absolute promise to pay and was not binding as an acceptance. The court said the inquiry did not indicate a clear intention to extract from the bank a promise to pay but was consistent with the expression of a simple desire for information relative to Donald's standing at the bank and the answer was strictly responsive to the inquiry, indicating no clear intention to make Donald's check good whenever presented and whatever the condition of the account but was entirely consistent with the simple purpose to state Donald's standing at the bank on the day of the telegram. The writings were not equivalent to the unambiguous and unequivocal "will you pay" and "we will pay."

A similar case is Kahn *v.* Walton, 46 Ohio St. 195, where the reply "yes sir" to a wire "Is M. A. Walton's check for $2,000 good" was held not binding as an acceptance.

But your case differs in that your inquiry "will you pay" indicated a clear intention to extract from the bank a promise to pay and it raises the question whether the answer that the check was good would be held to import an absolute promise to pay, equally as if the promise had been in express words "we will pay."

Support for the proposition that where in answer to the direct question "will you pay A's check for $100?" the bank wires "A's check is good on us for $100," this is binding equally as if it had wired "we will pay A's check for $100" is found in the case of North Atchison Bank *v.* Garrettson, 51 Fed. 168. There a bank wired "will you pay James Tate's check on you $22,000. Answer" and received telegram in reply "James Tate is good. Send on your paper." This was held binding as an acceptance. The court in substance said that the telegram of inquiry was free from ambiguity, its purpose being to procure an absolute promise to pay. If the answer had been "will pay James Tate's check for $22,000 on presentation" there would be no doubt that the bank would be absolutely bound. But continued the court "it cannot be supposed that the bank intended to return an ambiguous answer for the purpose of misleading the drawee asking the question and, therefore, if the answer had been limited to the words 'Tate is good' there would be ground for holding that the bank thereby intended an affirmative answer to the categorical question put to it; but all doubt is put at rest by the remaining words of the answer 'send on your paper.' * * * The meaning thereof is 'send on your check on Tate and we will pay it.'"

According to the above the answer "A's check is good," in reply to wire "will you pay A's check" indicates an affirmative answer to the question, in other words a promise to pay, but the court admits there is some slight doubt upon the proposition for it remarks that all doubt in such a case is put at rest by the added words "send on your paper."

In Elliott *v.* First State Bank, 152 S. W. (Tex.) 808, a reply telegram to a wire asking if a bank would pay a described check stated "D. T. Elliott has deposited with us $1,790 to pay check drawn by D. S. Elliott." This was held to be equivalent to a statement that the described check was good and would be honored. The court said: "The bank's statement that it held a deposit that made it (the check) good was clearly equal to a representation that it was good; and it must have known that its reply was subject to only one interpretation, that the check would be honored on presentation." The language of the court here would indicate that an answer that a check was good in itself implied a promise to pay.

In view of the authorities, it would seem reasonable to conclude that where a reply wire is received that "A's check on us for $100 is good" a distinction might be drawn between the case where such reply is given in answer to a telegram asking if the described check is good and one where the telegram of inquiry directly asks if such check will be paid. In the first stated case, according to the decision of the Kansas Supreme Court in First Nat. Bank *v.* Commercial Savings Bank, *supra*, the reply does not import an absolute promise to pay the check and is, therefore, not binding as an acceptance; but in the latter case, in view of the direct question "will you pay" the reply that the check is good indicates an affirmative answer to the question equally as if it was "yes" or "we will pay" and I think there is fair ground for assuming that a court, under the facts of your case, would hold that the answer received by your bank in response to the telegram which you sent was in legal effect an absolute promise to pay the described check and that the bank sending the reply would be bound thereby.

ACCEPTANCE WRITTEN ACROSS FACE OF NOTE

Where a third person writes an acceptance across the face of a promissory note the holder has the option of treating the instrument as either a bill or note and the person so signing can be held liable as acceptor of a bill of exchange.

From Pennsylvania—Kindly favor us with your opinion regarding the liability of the acceptors of a paper, the fac-simile copy of which we are enclosing herewith. (The copy enclosed is a regular form of negotiable promis-

sory note, made by A, payable to his own order forty-five days after date at the X bank and indorsed in blank by A. Across the face is written "Accepted payable at the X bank, B.")

The question asked is what is the liability of a person who writes an acceptance across the face of the negotiable promissory note of another, the note being made payable by the maker to his own order at a designated bank, indorsed in blank by the maker and the acceptor making his acceptance payable at the same bank.

An acceptance has sense and pertinency when the drawee to whom a draft is addressed accepts the order to pay by writing his acceptance thereon, in which case he becomes the principal debtor and the accepted bill becomes virtually the promissory note of the acceptor, the drawer standing in the relation of indorser; but in the case of a note which is a promise to pay and not an order addressed to anyone else to pay, the writing of an acceptance thereon is anomalous.

The courts have been called upon in a few cases to pass upon irregular contracts of this kind.

In an early English case, Block *v.* Bell, 1 M. & R. 149, the instrument read: "On demand, I promise to pay A. B., or bearer, the sum of fifteen pounds, value received," and was addressed in the margin to one J. Bell, who wrote upon it "Accepted J. Bell," and it was held to be in effect the note of J. Bell, as it contained a promise to pay, although, in terms, it was an acceptance.

In Edis *v.* Bury, 6 Barn. & Cres. 433, the instrument read: "London, August 5, 1833. Three months after date I promise to pay to Mr. John Bury or order forty-four pounds, eleven shillings, and five pence, value received, John Bury," and was addressed in the lower left-hand corner "J. B. Grutherot, 35 Montague Place, Bedford Place," and Grutherot's name was written across the face of it as an acceptance, and Bury's name across the back as an indorsement. It was held that Bury might be held either as the drawer of the bill against Grutherot, or as the maker of the note.

In another English case the instrument read: "Two months after date I promise to pay A. B. or order ninety-nine pounds, H. Oliver" and was addressed to J. E. Oliver and accepted by him. The court said: "It is not unjust to presume that it was drawn in this form for the purpose of suing upon it either as a promissory note or as a bill of exchange." Lloyd *v.* Oliver, 18 Q. B. 471.

In all the above cases, an instrument in the form of a promissory note was addressed to a third person who wrote an acceptance upon it. The present form of instrument submitted shows no such address; it is a regular form of promissory note by the maker to his own order and is indorsed in blank by him. I find but one decided case in which a form of instrument presenting the same characteristics has been passed upon. Heise *v.* Bumpass, 40 Ark. 545.

In this case one Davidson applied to Bumpass to purchase two mules upon credit and executed a promissory note as follows:

> "On or before the first day of November, 1880, I promise to pay W. N. Bumpass, or order, the sum of $210 for value received.
>
> February 3, 1880. F. G. DAVIDSON."

Bumpass was unwilling to sell without security and one Heise was proposed and accepted as surety, he writing across the face of the note:

"Accepted, Joseph Heise."

All the parties were ignorant of the forms of business and of the distinction between the indorsement of a promissory note and the acceptance of a bill of exchange. Bumpass sued Heise upon the instrument and Heise disclaimed legal liability, contending that no demand upon the maker and refusal to pay had been alleged. The court held Heise liable and said:

"It seems that where an instrument is so irregular that it is doubtful whether it be a bill or note, the holder may treat it as either at his election. Heise's so-called acceptance was equivalent to an indorsement of the note before it was put into circulation. When a promissory note, made payable to a particular person or order, is first indorsed by a third person, such third person is an original promisor, guarantor or indorser, according to the nature of the transaction, and the understanding of the parties at the time. If he puts his name in blank on the back of the note at the time it was made, and before it is indorsed by the payee, in order to give the maker credit with the payee, he is to be considered a joint maker of the note, and not a mere guarantor. And in this view questions of presentment, demand, protest and notice become immaterial."

Supplementary to these decisions we have the provision of the Negotiable Instruments Act, Section 17 of which provides that "where the instrument is so ambiguous that there is doubt whether it is a bill or note, the holder may treat it as either at his election."

It follows in the present case that the holder has the right to treat this instrument either as a bill or note at his option and to hold the acceptor liable it should preferably, I think, be treated as an accepted bill whereon the acceptor would be primarily liable, virtually as the maker of the note. If the holder treated the instrument as a note, then the question would arise whether by any possible construction the person writing his name across the face as acceptor could be regarded as an indorser, whose liability would be conditional upon demand and notice. Under the Negotiable Instruments Act "a person placing his signature upon an instrument otherwise than as maker, drawer and acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity." Furthermore "where a person, not otherwise a party to an instrument, places thereon his signature in blank before delivery, he is liable as indorser." Furthermore "where a signature is so placed upon the instrument that it is not clear in what capacity the person making the same intended to sign, he is to be deemed an indorser." Under these various provisions of the Negotiable Instruments Act there is little doubt, even if this instrument was declared upon as a promissory note, that the person signing as acceptor would be held primarily liable as such, and not as indorser; at the same time to avoid all question I think it preferable, in an action against the acceptor, that the instrument should be declared upon as a bill of exchange.

ATTACHMENT OF CERTIFICATE OF DEPOSIT

A certificate of deposit in the hands of the payee is property subject to attachment but where a bank is garnished for funds represented by an outstanding negotiable certificate it is entitled, under the law of Iowa, to complete indemnity before suffering judgment; if, however, the certificate is non-negotiable paper, the bank can be charged as garnishee of the payee before notice of assignment.

From Iowa—This bank issues a certificate of deposit to one John Doe which reads as follows:

THE BLANK NATIONAL BANK
Blank, Iowa, Dec. 1, 1917.

John Doe has deposited in this bank One Hundred Dollars payable to the order of himself in current funds on the return of this certificate properly indorsed three months after date with interest at the rate of 4% per annum. No interest after maturity.
Certificate of Deposit
Not subject to check. ....Cashier.

Please give us your opinion as to whether this certificate is subject to an attachment by the creditors of John Doe.

1. This certificate of deposit, being property capable of manual delivery, is itself subject to attachment when in the hands of John Doe or a person holding it for him, at the suit of a creditor of John Doe. Nordyke *v.* Charlton, 108 Iowa, 414.

2. Assuming this certificate to be a negotiable instrument which has been issued and is outstanding and that the bank is sought to be held as garnishee of the deposit represented thereby, Section 3950 of the Code of Iowa provides: "The garnishee shall not be held liable on a debt due by negotiable paper, unless such paper is delivered or the garnishee completely exonerated or indemnified from all liability thereon after he may have satisfied the judgment." Under this section a bank issuing a negotiable certificate of deposit has a right to demand indemnity but when the provisions as to indemnity are complied with, the plaintiff is entitled to judgment. McPhail *v.* Hyatt, 29 Iowa, 137; Seals *v.* Wright, 37 Iowa, 171.

3. According to decisions in Iowa, however, an instrument payable "in current funds" as is the certificate in question, is not a negotiable instrument. Dille *v.* White, 109 N. W. (Iowa) 909; Huse *v.* Hamblin, 29 Iowa, 591. In jurisdictions in which the maker or drawer of a non-negotiable paper may set up against the transferee of such paper any defense arising before notice of the transfer or assignment which he could set up against such paper in the hands of the payee, it is held that the maker of such paper can be charged as the garnishee or trustee of the last known holder, since payment of the garnishment judgment will be a good defense against any previous assignment thereof. Dore *v.* Dawson, 6 Ala. 712; Robinson *v.* Mitchell, 1 Harr. (Del.) 365; Elston *v.* Gillis, 69 Ind. 128; Marrett *v.* Equitable Ins. Co. 54 Me. 537; Scott *v.* Hawkins, 99 Mass. 550. It has been held in Iowa that the true rule in relation to one summoned as the debtor of the principal debtor, on a non-negotiable debt, is that the assignee of the debt should give notice to the garnishee of the assignment, in time to enable him to show such assignment in his answer, or at least before judgment against him; and if he fail to do so and judgment is rendered against the garnishee, such judgment is a bar against any suit by the assignee of such non-negotiable instrument. Walters *v.* Washington Ins. Co., 1 Iowa, 404; McCoid *v.* Beatty, 12 Iowa, 299; Yocum *v.* White, 36 Iowa, 288.

LIEN OF NEW YORK BANK FOR STOCKHOLDER'S INDEBTEDNESS

Where stockholder indebted to state bank in New York has assigned his stock, bank may refuse transfer to assignee until stockholder's indebtedness is paid, provided section of statute declaring lien is printed on certificate; otherwise not.

From New York—Our bank is organized under the banking law of New York. One of our customers gave us his note for $1,000 and also holds some of our stock. He has not paid his indebtedness and claims that he has sold his certificate to a third person. If this proves so, can we refuse to transfer the stock to a purchaser until our customer's note is paid? Our certificates have no claim of lien for indebtedness of stockholder printed thereon.

Section 51 of the Stock Corporation law provides:

"If a stockholder shall be indebted to the corporation, the directors may refuse to consent to a transfer of his stock until such indebtedness is paid, provided a copy of this section is written or printed upon the certificate of stock."

In Union Bank *v.* United States Exchange Bank (1911), 143 App. Div. 128, 127 N. Y. Supp. 661, it was held that a corporation cannot refuse to consent to a transfer of its stock by a stockholder until his indebtedness to the corporation is paid, unless the provisions of this section are written or printed upon the certificate of stock.

In Strahmann *v.* Yorkville Bank (1911), 148 App. Div. 8, 132 N. Y. Supp. 130, it was further held that this section is applicable to a domestic banking corporation and where a debtor has assigned his stock the bank may refuse to transfer the same to the name of the assignee until the assignor's debt is paid. Although this section only empowers a corporation to refuse to recognize an assignment of stock until the assignor's indebtedness is paid where a copy of the section is printed upon the certificate of stock, it is sufficient if the certificate contain a copy of a by-law of the corporation making a similar provision.

As your stock certificates do not comply with the requirements of Section 51 of the Stock Corporation law, it follows that you cannot refuse to consent to a transfer of the stock to an innocent purchaser thereof until the indebtedness of your stockholder is paid.

TRUST COMPANY SECTION

EIGHTH ANNUAL DINNER OF THE TRUST COMPANIES

The eighth annual dinner of the Trust Companies of the United States under the auspices of the Trust Company Section of the American Bankers Association will be held at the Waldorf Astoria Hotel in New York city February 25.

The full announcement was not possible at the time of preparing this notice for the JOURNAL, but will be forwarded to all trust companies early in January, and to other financial institutions upon request.

The dinner will be in the nature of a war conference as the subjects discussed will be designed to assist the trust companies of the country in their efforts to unite with governmental and other agencies in furthering the nation's principal business of war.

Special attention will be given to the subject of food conservation, the menu being in strict conformity with and following the direct suggestions of United States Food Administrator, Herbert C. Hoover.

Following the custom of former years a cordial invitation is extended to friends affiliated with banks and banking houses to join the trust company men at this annual dinner.

A meeting of the Executive Committee of the Section will be held on the day following the annual dinner at 11:30 A. M. in the library of the Association.

At a meeting of life insurance presidents held in New York city December 7, S. Davies Warfield, president of the National Association of Owners of Railroad Securities, delivered an address of peculiar interest to trust companies on the subject of "Safeguarding the Owners of the Securities of the Railroads of the Country." In speaking of the real owners of these securities and the difficulties under which the carriers issuing them are laboring, he stated: "This is a great public question and we must so treat it. Full knowledge of these difficulties on the part of so large a proportion of our people, together with the work we propose, should help to a satisfactory solution of the problems involved.

"It is not that the real or intrinsic value of railroad securities generally has depreciated, for it has not; on the contrary, the railroads are showing the greatest gross earnings in their histories, but in most cases with less net revenue. They have the business, but the system under which they are permitted to operate has restricted the application of ordinary business methods, causing this shrinkage in their net earnings. This must be corrected. That it has not already been is largely because of a misconception on the part of the public of the true meaning of regulation as it applies to the railroads."

In the following significant statement he pointed out still further the necessity for effective publicity and co-operation:

"The real value of railroad securities will be seriously affected only when the public has become fully convinced that governmental agencies of regulation and control have determined upon a fixed policy toward the carriers, which fails to recognize that the rights of those who own their securities demand, at least, equal protection with that accorded the shippers and others who use the railroads."

A copy of President Warfield's address may be secured by writing to the Secretary of this Section or to the National Association of Owners of Railroad Securities, Continental Building, Baltimore, Maryland.

All trust companies not already members of the new association should join and assist in furthering this important work. Individuals are, in ever increasing numbers, becoming vitally interested in this subject through nominating trust companies to act for them under voluntary and involuntary trusts, and whose investments partake so largely of these securities.

The attention of all trust companies is invited to the recent opinion regarding Section 11 (k) of the Federal Reserve Act, rendered by Attorney General Gregory and printed in full with comments in the Legal Department of this issue of the JOURNAL.

This section of the Act empowers the Federal Reserve Board to grant by special permit to national banks applying therefor, when not in contravention of state or local law, the right to act as trustee, executor, administrator or registrar of stocks and bonds under such rules and regulations as the Federal Reserve Board may prescribe. The question as to the constitutionality of this section of the Act was tested in the Supreme Courts of Illinois and Michigan and the section was held to be unconstitutional by both courts. On June 11, 1917, however, the Supreme Court of the United States sustained the validity of Section 11 (k) of the Federal Reserve Act. The controlling reason for this decision was that the powers stated were necessary to enable national banks to compete upon equal terms with state corporations possessing such powers. The opinion of Attorney General Gregory which was rendered in response to an inquiry relative to New York state says, "With reference to the authority of the Federal Reserve Board to grant to national banks located in New York the power to act as trustee, executor and admin-

istrator, I am of opinion that the Reserve Board has no such authority under existing laws."

It would appear, therefore, that where the state law forbids by expression or necessary implication the granting of trust powers to a corporation not of the state, that their exercise of these powers is in contravention of state law.

Lynn H. Dinkins, Chairman of the Executive Committee announces the membership of the following committees:

Committee on Legislation (Federal)

Hon. Henry M. Campbell, Chairman of the Board, Union Trust Co., Detroit, Michigan (Chairman).
Uzal H. McCarter, president Fidelity Trust Co., Newark, N. J.
John H. Mason, president Commercial Trust Co., Philadelphia, Pa.
Lucius Teter, president Chicago Savings Bank & Trust Co., Chicago, Ill.
Seward Prosser, president Bankers Trust Co., New York, N. Y.
F. V. Baldwin, president Hudson Trust Co., New York, N. Y.
E. Woodruff, president Trust Company of Georgia, Atlanta, Ga.
John S. Drum, president Savings Union Bank & Trust Co., San Francisco, Cal.
Dr. P. H. Saunders, president Commercial Trust and Savings Bank, New Orleans, La.

Committee on Protective Laws (State)

Theodore G. Smith, vice-president International Trust Co., Denver, Colorado (Chairman).
George W. Holmes, vice-president First Trust Company, Lincoln, Neb.
Isaac H. Orr, vice-president St. Louis Union Trust Co., St. Louis, Mo.
W. T. Kemper, chairman of the board, Commerce Trust Company, Kansas City, Mo.
F. J. H. Sutton, vice-president Guaranty Trust Company, New York, N. Y.

Special Committee on Publicity

James M. Pratt, vice-president Guaranty Trust Co., New York, N. Y. (Chairman).
John W. Platten, president United States Mortgage & Trust Co., New York, N. Y.

G. H. Sawyer, cashier of the Southern Arizona Bank and Trust Company, Tucson, was elected a state vice-president of the Trust Company Section at the recent Arizona state convention.

The replies to the questionnaire and communication relative to the charts for "Testing Wills Before Death" both recently sent to members have been most gratifying. It is hoped, however, that all members will return the blanks with answers at an early date, in order that the compilations resulting therefrom may be prepared and distributed.

As the Special Committee on Publicity has begun to assemble the tested advertisements, booklets and form letters submitted by members, the companies which have not already forwarded such material should do so at once, in order that it may be considered in the final preparation of the publicity campaigns.

In the June, 1917, issue of the JOURNAL, attention was invited to the opportunity for service by all trust companies to men enlisting in the army and navy and the performance of this service by a few companies in different parts of the country. It was stated that "Much of the uncertainty now existing may be removed from the minds of men anticipating service under the flag, as well as the members of their families or business associates, through more widespread presentation of the facts relating to the record of trust companies as protectors and conservators of wealth and property."

This form of service is now being widely adopted by trust companies and is evidenced in the character of recent advertising by member companies.

A prominent trust company of New York advertised under the heading of "Free Service to Those on War Duty" the following: "To those actively engaged in the war service of this country and who are therefore obliged to give up direct supervision of their personal business interests, this company will extend the use of its trust facilities, without charge, for the period of the war.

"This service includes acting as trustee under voluntary trusts, which may be revoked upon the maker's return, the care and supervision of securities, and other business matters which a wise foresight dictates should be arranged in advance of departure from home.

"We shall be glad to explain the advantages and scope of this service in detail. It is offered in the expectation that it will be of value and assistance to our men and women in uniform whom duty calls."

Another trust company in New York, in one of its advertisements used the heading, "How one man is fulfilling his duty to home and country," in presenting a concrete example of service as follows: "A young business man made up his mind to drive an ambulance in France, and before he left for the front he put all his funds into approved securities. He then made a trust agreement with us under which we have taken over the entire management of these investments.

"Each month we are to send a certain sum to his mother and sisters, to maintain them in the comfort to which they have been used. The rest of his income is to be placed in his bank account, on which he can draw drafts either while abroad or when in this country.

"If the care of your family and your property stands between you and your service to your country, consult our trust department officers. We may be able to show you how we can relieve you and your dependents of all worry about the management of your financial affairs."

Although for certain good reasons many members cannot perform without charge an expensive form of service for men on war duty, every company can direct attention through its regular and special advertisements to its facilities for the care of personal and real property and thereby relieve those interested and their dependents of worry about the management of their financial affairs. This activity will assist in no small way in developing the individual efficiency of the soldier or sailor, without which the army or navy would be powerless.

SAVINGS BANK SECTION

OFFICERS OF THE SAVINGS BANK SECTION

PREVIOUS WORK OF THE SAVINGS BANK SECTION CRYSTALLIZES IN GREAT WAR SAVINGS CAMPAIGN

There is no doubt that the campaign the Savings Bank Section has been promoting in encouraging the habit of saving and conserving has been of great benefit to the war savings campaign now being conducted by the Treasury Department under the leadership of Frank A. Vanderlip as chairman of the National War Savings Committee. Then, too, the services of Secretary Harrison have been freely given to the National War Savings Committee, so that his experience in the conduct of such campaigns will be available.

The results expected from the war savings campaign will be vastly greater than was ever attempted by the American Bankers Association or anyone else. The greater purpose behind the present movement is obvious. It is a call to the service of the country. Thrift will be triumphant.

When we consider that there were about 250,000 habitual bond buyers in the country before the war, the huge number of Liberty Bond buyers is most encouraging as a manifestation of the ready response on the part of the people to the call of the government. Still, not one-tenth of the people of the United States have bought Liberty Bonds. There are 90,000,000 more who must be reached, not once, but many times. The entire nation must get behind the government in the prosecution of the war. We cannot expect victory unless we have a united people and the first essential of that unification finds its proof in not 10,000,000 financial supporters, but 30,000,0000 or 40,000,000.

It was with this thought in mind that Secretary McAdoo proposed the war savings plan enacted into law by Congress, September 24, 1917. The war savings campaign is so designed that it will reach every man, woman and child. Our economic and social fabric will be permeated by its propaganda. The ultimate success of the campaign will mean that the great war loans which will be floated in the future, if the war continues, will be readily absorbed. The realization on the part of the people of the necessity for them to conserve and save, even the small amounts which, in the aggregate, are considerable, will result in a united approval of the government's financial program. It is a matter of principle that when a person owns an obligation of his government he will take a greater interest in its welfare and protection.

We found in the campaigns of the section that the most effective work was done through the school savings bank. Possibly one of the most important factors in the national war savings campaign will be the schools. The inculcation of the habit of thrift in the minds of the people commences with the child, when the mind is most impressionable, when habits are easily formed. Then, too, because the object of this campaign is the sale of obligations in small amounts, the child will be able to sell the certificates more effectively than the adult. It has been the experience in previous campaigns of the character of the war savings campaign that the child supported them with considerable vigor and produced commensurate results. For example, in the last Liberty Loan campaign in New York state, the school children raised over $39,000,000. The aim of the committee is to have every child become a salesman for the campaign.

Secretary McAdoo addressed a letter to "Young America" that has been sent to 20,000,000 school children throughout the country. It is an appeal to action which contains a real message and is as follows:

Nations have their childhood and their days of hard lessons just as children do. One hundred and forty years ago, when the first American Army marched to battle, our nation was younger among nations than you are among your fathers, your mothers and their friends. Our army had drummer boys in those days, real boys of ten and twelve, who marched as bravely and as proudly into cannon fire as their great chief, General Washington, himself. Our nation had little girls, who laughed and cheered and loaded muskets for their fathers, who fired through loop holes in their cabin homes, when the painted Indians charged to the very doors.

Where many schoolhouses stand today, American boys and girls may have helped to fight and to defeat the enemy, when our nation, too, was young.

We are in the greatest war of the world's history and we must win this war. We can and we shall win, if the boys and girls of America say so, and mean it, and feel it, and live it, as the boys and girls of '76 lived and felt and helped.

The nation needs that sort of boys and girls to-day. Not to beat our drums, nor to load our muskets, but to start a great work which must be done. It is the part of boys and girls today to give an example of self-denial and sacrifice, to teach fathers and mothers, to teach the grown people of the nation, that we still have in every young heart the spirit of '76, when boys led our soldiers into battle and girls fought beside their fathers at the cabin walls. The lesson is "Thrift"—saving to the point of sacrifice—self-denial of everything unnecessary. If every boy and girl says at home tonight, "I will fight in this war," "I will save every penny and loan it to my government to help save the lives of the big brothers of America," "I will try to teach every American I see to do the same"—then 20,000,000 homes, the homes of all America, will be filled with the spirit of '76, the spirit of the drummer boys, of the brave girls of those days. America will win again, as it has always won, through the splendid strength, courage and sacrifice in the hearts of youth, that today will teach the nation the lesson of saving and serving which it must and will learn, through the message which its school children will carry home.

Through saving your pennies, nickels, dimes, quarters and buying Thrift Stamps and then War Savings Certificates, you will help your country and its gallant armies to win the war.

I know you will help.

W. G. McAdoo,
Secretary of the Treasury.

The plan is to introduce the war thrift campaign in the schools of America by conducting an initial drive for two weeks. When informing the school principals and teachers of the nation of this drive, Chairman Frank A. Vanderlip wrote the following letter:

The school principals and teachers are helping to win this war.

Wars are no longer won on battle fields alone. Victory for our armies, life for our soldiers, depend on the mobilization of our resources.

Labor and material and the enormous sums of money our government must have to provide them—there is the real battle ground—there is where the issue rests—where victory must be assured.

No nation in history has been called upon to provide funds equal to those America must provide for the task which has just begun. The serious, vital task before the nation is to supply the needed funds without injuring commerce and industry, without decreasing that very production which must be vastly increased, that our armies may be supplied.

There is but one way.

The nation must save. Every individual must learn and practice the lesson of economy, of self-denial, of saving to the point of sacrifice. Thrift will mean triumph.

Every individual should realize that saving money means saving lives. The school teachers of America must teach the nation this imperative way to victory—this preeminent way to maintain a national strength which will safeguard posterity and advance civilization.

The school teacher is the pioneer outpost of the government, standing at the threshold of the nation's homes. The schools of America are the single units where a national resolution can form and spread overnight into every household.

The school teachers are the rallying ground for the best beloved possession of a country—its children.

To the teachers belong the splendid privilege, the solemn duty, of rallying them round the flag and then implanting in their hearts and sending into the homes of America, the message which will keep that flag flying high.

The teachers form a mighty agency which can start aright the movement among our children on which the success of our government depends.

We must save money that we may save lives. The educators of America enjoy no greater privilege than that of being able to teach this lesson to the nation; and for the sake of the lives of millions of its finest boys, the educators of America may be depended upon to teach it quickly and well. The following pages contain suggestions which it is hoped may help show the way.

With best wishes for success to your efforts, I am,

Sincerely yours,

F. A. Vanderlip,
Chairman, National War Savings Committee.

Then followed a suggested plan for the two weeks' initial effort. On Monday of the first week, Secretary McAdoo's message to Young America is to be read in the assembly room of the schools of the country, when there may be conducted appropriate patriotic exercises. It was then suggested that when the children return to their class rooms, that the folders prepared for distribution to the children be handed to them to take home. Thus, the message would reach every household in the country. In these days when the schoolhouse is such a vital factor in community life, a campaign through the schools will, undoubtedly, produce large results. In the plan it was suggested that the school teachers hold a composition and essay contest some time during the first week. At the same time the children may be requested to bring to the school during the following week twenty-five cents in order to purchase their first thrift stamp, securing their thrift card therewith.

The second week the children will be importuned to purchase their first thrift card and thrift stamps and so start saving for a War Savings Certificate. Further than this, the plan is to organize in every school in America a War Savings Society, designed to promote systematic saving, thrift and economy and to induce every child-member to sell War Savings Certificates and Thrift Stamps. In such subsequent work, it is planned to virtually permeate the schools with war savings by suggesting examples in arithmetic and algebra, pertaining to war savings for classes in mathematics; suggesting sentences relating to war savings for penmanship classes as also material for drawing classes, English classes and classes in commercial subjects. Thus, the influence of the child will effectively get to the parent and, like a rolling snowball, the nation will respond to the campaign of economy and thrift, to the end that there will be greater individual responsibility, increased production, the elimination of waste and more efficiency, to the end that America will be a nation of happy and prosperous people, after the horrors of battle have given way to the blessings of peace and so enable America to lend a helping hand to other nations in the time of reconstruction, thus permanently imbedding in the hearts of the people of the world universal peace, amity and good will toward men.

A FLOURISHING SCHOOL SAVINGS BANK

The Grover Cleveland High School at St. Louis, Mo., is successfully operating a savings society which had its origin in the enthusiasm of two teachers, O. C. Schorer and H. A. Cochran, with the energetic backing of the principal, H. F. Hoch, and the propaganda furnished by the Savings Bank Section.

At the end of thirteen weeks its savings society had 324 depositors, nearly one-third of the student body of 1,300. Its deposits had reached the imposing total of $1,667.06. Its subscriptions to the Second Liberty Loan totaled $3,400. Five hundred dollars' worth of bonds were purchased outright for depositors, and the balance is being carried for fifty-five subscribers, who are paying on the "Dollar a Week" plan.

CLEARING HOUSE SECTION

MONTHLY CLEARINGS

Examinations Afford Protection and Strength

The following comments by Francis Coates, Jr., examiner of the Cleveland Clearing House Association, on the subject of local clearing house examinations show some of the real benefits from such examinations as proved by actual experience. This subject is worthy of consideration by every clearing house association in America.

"I frequently receive inquiries from other cities as to what benefits accrue to clearing house members through the employ of a special clearing house examiner. I have also received many inquiries from individual bankers as to what benefits accrue from membership in the clearing house association. These are both pretty broad subjects. I shall touch upon them very briefly, in bringing out one incident that occurred in my home city, Cleveland, some few months since.

Through a peculiar chain of circumstances, a run was precipitated on one of our large outlying banks, whose clientele is made up almost wholly of foreigners. In a very short time inquiries were being received by various of the other banks as to the seriousness of conditions and whether deposits were in danger. The matter was immediately called to my attention, and I found that a very sizable 'run' had developed and that serious trouble was possibly imminent. The condition was laid informally before certain members of our association, with the result that upon the examiner's assurance as to the solvency of the bank, sufficient cash was made available within two hours to pay off any possible withdrawal from the bank on which the run occurred. Further, during that day and the day or two following, inquiries were received by several of our larger banks from the heads of various manufacturing and industrial concerns who employ foreign labor, as to the seriousness of conditions, and bringing out the fact that their various operatives were becoming restless and threatening to withdraw their savings. A second canvass of the banks was made by our examiner, with the result that practically every one of our large downtown banks sent forth in response to these inquiries a statement that there was no occasion for alarm, that the bank was perfectly solvent and would pay every one, and if any depositor was dissatisfied or alarmed, to advise him to simply present his bank book to any bank in the city where, upon proper identification, his balance would be paid at once. As a result the run was stopped almost before it had begun, and the amount withdrawn was accordingly negligible.

"This is my answer to the many inquiries which I receive. I need only ask you or any banker whether such a condition could prevail in any city other than one in which a clearing house house examiner was employed? Also, what would be a fair premium for any bank to pay for such insurance?"

The Secretary of the Clearing House Section will gladly furnish additional information upon this subject to any one who is interested. There never was a time when there was greater need for close co-operation on the part of the bankers in every community. New industries are springing up everywhere, many of which are devoted to new and untried lines. Their managers are optimistic, the hazards are great—heavier demands are being made upon the banks than ever before. It is therefore desirable to mobilize the banking judgment to meet these new conditions. This can best be done through the examination department of the clearing house. The section has on file a number of pamphlets covering the clearing house examination feature, also testimonials from many leading bankers in cities where such examinations are being conducted. These will be sent upon request to anyone interested.

Wichita, Kan., Clearing House Expands

The Southwest State Bank, Wichita, Kan., has joined the Wichita Clearing House Association. This organization now has six members. Kansas bankers generally recognize the value of co-operation. Practically every county in that state has a live county organization through which the bankers exchange views and act unitedly upon matters of common interest.

The following is an excerpt from a letter received from a member of one of these county organizations: "Our Cloud County Bankers Association is not a year old, and we have had four good meetings. The fact that each of us will get acquainted with our banker neighbor and find that he is a pretty good sort of a fellow is going to be beneficial to all of us."

The Mail Situation

The reports from the various clearing houses indicate a delay of from two to twenty-four hours in the delivery of first-class mail in the different sections of the country.

It is claimed that these delays are due largely to the removal of a number of post-office cars in which mail was formerly assorted in transit ready for distribution to carriers upon arrival at destination. It is believed that part of the delay is likewise due to irregularity of railway service resulting from the movement of the tremendous amount of materials and supplies for war purposes.

Many of the banks indicate an increase of 30 per cent. in the outstanding transit items as a result of these delays. Further delays will tend to hamper all lines of business because of this additional time the credits are tied up.

In order that the reasons for the delays may be positively determined, analyzed and checked if possible, it is

desired that all banks keep a careful lookout on the first-class incoming mail. Preserve and forward to the Secretary of the Clearing House Section such envelopes as show serious delays. Banks sending these envelopes in should indicate the day and hour of delivery. With centralized control of the railway service an improvement of the mail service should be possible.

PRICE THE SAME—VALUE GREATER

In the war savings campaign every effort is being made to teach the people that they must economize and save even to the point of sacrifice as a means of aiding the government in its struggle for human freedom and independence.

The banks are confronted with an ever-increasing demand for service and face a constant increase in the expense of operation. In order to face these conditions, maintain their strength and continue to pay their present rate of dividends they must intensify and increase the efficiency of every department and eliminate waste not only of supplies but of time and labor.

The Universal Numerical System is a plan that enables every bank to materially reduce the time and labor involved in handling items through the bookkeeping, transit and other departments. The Key to the System is a cloth-covered book containing an explanation of the system and its use and two lists of the banks and trust companies of America.

The first list is arranged in alphabetical order with reference to towns, states and banks. The second list shows the banks under the headings of the states and towns and in the order of the numbers that are assigned. In both lists the numbers are given in connection with the names of the banks so that if you have the name you can readily ascertain the bank's number, or if you have the number you can readily ascertain the name and location of the bank.

It is much simpler and easier to enter live figures on a book than it is to enter the name and address of the bank that those five figures represent. The cost of this book is $1.50. It may be secured from the Secretary of the Clearing House Section or from the publishers—Rand-McNally & Co. of Chicago.

ARE YOUR FORMS UP TO DATE?

If you are revising the forms for any department of your bank, you may find some suggestions of value in the Morocco-bound book of forms and treatise on bank accounting which has been prepared by the Clearing House Section.

This book contains over 300 different forms for the use of state and national banks. It will be supplied upon order by the Secretary of the Clearing House Section. The price is $5.

EXCHANGE YOUR IDEAS FOR A BOND

A great many inquiries are coming to the Secretary of the Clearing House Section indicating the imperative need for a practical and up-to-date system for analyzing accounts of individuals, firms, corporations and other bank customers. Also for analyzing the general business of a bank itself.

The Clearing House Section, as previously announced, contemplates giving a prize of $50 in the form of a 4 per cent. Liberty Bond to the bank man, be he officer or employee, who prepares and turns over to the Clearing House Section the best plan covering these two features of banking.

Every bank man who is interested in this proposition should give it careful thought and study with a view of entering the contest when it is thrown open.

FORMS WANTED

The associated banks of America will appreciate your sending to the Secretary of the Clearing House Section sample copies of any forms which are used by your bank in handling or keeping record of trade acceptances that pass through your hands. Also sample copy of the form of acceptance which is most popular in your community.

From these suggestions it is hoped to work out the forms which will enable the banks to handle trade acceptances along the most efficient and economical lines.

EXTENSION OF THE COLLECTION SYSTEM

The Federal Reserve Bank of Dallas, Texas, has announced that on January 1 it will inaugurate a collection department, through which will be handled for its members, drafts, notes, coupons, acceptances, etc. These items, insofar as possible, will be sent direct to their place of payment. The department is being established for the convenience of member banks. The items will be sent for collection and returns. A service charge of 10c. per item in addition to the exchange that is charged by the collecting bank will be made against the depositing member, except that on coupons the charge will cover the expense of registration and insurance or express plus the charge made by the collecting bank. A charge of 10c. per item will be made on all items that are returned unpaid. This amount will be paid to the presenting bank monthly.

Banks are urged to remit for collection items instead of crediting them to the account of the Federal reserve bank. The announcements suggest that the collecting bank is entitled to make a reasonable exchange charge which should not exceed 10c. per $100 with a minimum charge of 10c.

MEETING OF COMMITTEE OF FIVE

The first meeting of the Committee of Five has been called by Chairman Thomas B. McAdams. It will be held at Washington, D. C., Tuesday, January 15, 1918. The members of the Committee are: Thomas B. McAdams, Chairman, vice-president Merchants National Bank, Richmond, Va.; Fred Collins, cashier Milan Banking Co., Milan, Tenn.; M. J. Dowling, president Olivia State Bank, Olivia, Minn.; George G. Moore, cashier New England National Bank, Kansas City, Mo., and W. D. Vincent, vice-president Old National Bank, Spokane, Wash. Jerome Thralls is acting secretary of the Committee.

NATIONAL BANK SECTION

THE SCOPE OF THE TRADE ACCEPTANCE

The Views of a Practical Banker

The following is taken from a letter received from a prominent banker in one of the reserve cities:

"The wholesale merchants of our city are undertaking to put the trade acceptance into operation. Some of them report little success, while others report a very favorable growth in the development of the use of this instrument.

"My personal belief is that a considerable amount of education along the following lines must be conducted before the merchants and the bankers will be in a position to use the trade acceptance intelligently.

"We must remember:

"1. The trade acceptance is an instrument to be used only by wholesalers or jobbers; that is to say, its function is not to promote consumptive or retail credit or personal credit, but it is entirely an instrument of commercial credit, to be used in the distribution of goods rather than in the production and consumption of commodities.

"2. A trade acceptance that is not given with the distinct purpose and clear understanding that it will be liquidated in full at maturity is not a trade acceptance, merely a promissory note in effect; and that fact should be impressed most forcibly upon both the banker and the merchant, for, as between a trade acceptance which is not intended to be paid in full and a promissory note bearing two good names, I would just as lief have the promissory note.

"3. The trade acceptance is not intended to be used to collect past due obligations or bad debts, nor is it intended to be used, as some persons believe, to raise capital credit for future needs.

"4. We must remember that trade acceptance is intended to be given only in liquidation of an immediate transaction involving the passage of goods or something of value from the hands of the vendor to the vendee, and is given to the vendor by the vendee for the purpose of enabling the former to realize immediately the value of the goods parted with.

"The foregoing self-evident truths indicate that there is a very large field for the development of the genuine, *bona fide* trade acceptance, and if we can keep these truths before the merchants and the bankers we shall be successful in developing the trade acceptance to accomplish the purpose for which it is created; but if we permit it to lapse into the error that the trade acceptance is something brought forward to supersede the promissory note, collect bad debts and over-due accounts and raise capital for future needs, we will not accomplish our purpose.

"The true trade acceptance is the highest class of commercial paper, for the reason that it is a written expression of the meeting of two minds who have engaged in a transaction in trade. The seller exercises his right to demand payment at a definite future time, the purchaser acknowledges the right of the seller to demand payment and expresses his willingness in writing to make payment at the time specified, without asking for a renewal, and anticipating that he must under any and all circumstances raise the money to meet his acceptance at maturity in the same manner that he would if he had given a check on his bank.

"If the trade acceptance can be kept within the narrow limit of an A 1 credit instrument I believe the banks in order to encourage its use, would be justified in making a preferential rate or service charge for handling it."

The National Bank Section is very much interested in this subject and will appreciate any suggestions favorable or unfavorable to the use of the trade acceptance. It is desirable to arrive at a fair and equitable service charge for the collection of such items and the up-building of a satisfactory market.

The two particular questions on which the views of bankers will be of value at the present time are:

(a) System for handling trade acceptances within the banks on the most scientific and economical basis.

(b) A fair and equitable schedule of service charges for collecting and remitting for trade acceptances.

ACCEPTANCE AND OTHER NOTES

Advantage Over Promissory Notes

The use of the trade acceptance will enable many banks to handle the entire lines of local concerns which now scatter their borrowings because of the so-called ten per cent. rule, under which national banks are permitted to hold the obligations of any one firm, corporation or individual only to the extent of ten per cent. of the capital and surplus of such banks respectively.

Arizona Lines Up

The following resolution was adopted at the recent annual meeting of the Arizona Bankers Association:

"We recommend that the members of this association get in touch with the trade acceptance idea, and that they disseminate information in regard thereto among their customers to the end that better business practices be taught and that the financing of distribution be put on a

more stable and self-regulating basis. To this end we recommend that the president appoint a committee of three to be known as the trade acceptance committee, whose duty it shall be to accomplish the above results."

This shows the bankers of Arizona realize that the development of the trade acceptance will strengthen America's financial position and will be of great help to commerce and industry.

Thirty-four Other States Have Responded

The presidents of thirty-four state bankers associations have each appointed a committee of three wide-awake prominent bankers who will aid in the campaign to encourage the use of the trade acceptance by banks and business people. In addition these associations have listed with the American Trade Acceptance Council 247 speakers, who will answer the call to address meetings within a radius of 200 miles of their respective homes.

Problem of Expenses

Inquiry has been received from different sources as to who will bear the expenses of speakers who attend bankers conventions and other meetings for the purpose of discussing the merits of the trade acceptance.

The appropriation made by the American Bankers Association for the use of the Trade Acceptance Council is such as will not permit the Council to bear this expense.

It is suggested that the American Trade Acceptance Council has a list of over 247 competent speakers; from this list it is possible to obtain a good local man in practically every community, so that the expense will be very small. Bankers' associations and other organizations before which these men appear will likely be willing to bear this slight expense.

Small National Bank Bills

The National Bank Act as amended October 5, 1917, provides that national banks may issue $1 and $2 bills—may likewise issue notes of the denominations of $5, $10, $20, $50 and $100 in such proportion as to each of said denominations as the bank may elect—provided, however, that no bank shall receive or have in circulation at any one time an aggregate of more than $25,000 in notes of the denominations of $1 and $2. This amendment also removes the restriction that no bank is permitted to place in circulation notes of $5 denomination to an amount of more than one-third of its circulation.

Comptroller Williams in his letter dated November 3, 1917, makes the following announcement: "Orders for plates will be placed by this office upon receipt of requests from national banks, and notes will be delivered in accordance with the bank's request as soon as practicable. Request for the engraving of the plate will not be acted upon until United States bonds are deposited to secure circulation, or until a draft in prepayment of the cost of engraving the plate is received.

"The cost to banks for the engraving of plates is $100 for each original and $90 for each duplicate to replace a worn-out original.

"Should your bank desire the engraving of a plate of four one-dollar notes or four two-dollar notes, or both, inclose with your letter of authority for the engraving of the plates, your draft, payable to the Comptroller of the Currency, in an amount sufficient to cover the cost at the rate of $100 for each new plate ordered, and the matter will receive prompt attention. No other action on your part will be necessary.

"When the engraving of the new plates shall have been completed circulating notes in the one and two dollar denominations can be issued upon request, in lieu of a like amount of unfit notes of other denominations redeemed and destroyed."

It is not likely that many banks will order $1 and $2 notes for the reason that the cost is practically prohibitive, being about nine cents per bill.

It would seem that circulation of this character should be issued at the expense of the government. The stock of greenbacks and silver certificates if converted into ones and twos would afford a goodly supply. The suggestion has also been made that the Federal reserve banks should be authorized to issue notes of the denominations of $1 and $2.

Branch Bank Question in Senate

The following bill, S. 3214, introduced by Senator Calder, was read and referred to the Banking and Currency Committee: Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section twenty-five of the Act approved December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act, as amended by the Act of September seventh, nineteen hundred and sixteen, be amended by adding a subsection (a) to read as follows:

"Sec. 25a. That any member bank located in a city or incorporated town of more than one hundred thousand inhabitants and possessing a capital and surplus of $1,000,000 or more may, under such rules and regulations as the Federal Reserve Board may prescribe, establish branches, not to exceed ten in number, within the corporate limits of the city or town in which it is located; Provided, That no such branch shall be established in any state in which neither state banks nor trust companies may lawfully establish branches."

Federal Reserve Bank of Boston Declares Dividend

On December 20, 1917, the Federal Reserve Bank of Boston declared a cumulative dividend of 6 per cent. dating from December 31, 1915, and payable December 31, 1917. The other Federal reserve banks have made earnings far above what was generaly estimated for them. Earnings, however, should not be a feature of pride on the part of the officials of the system. Their efforts should be to safeguard, conserve and protect the banking resources in such way as to enable their members to meet the demands of commerce and industry at all times. The system has proved to be a tower of strength during many trying periods. One need not reflect beyond a period of twelve months to realize that the Federal reserve banks have been of tremendous benefit to America. The greatest possibilities of the system will not be realized until every bank and trust company that is eligible has joined. Nations at war find it necessary to mobilize men and materials in order to gain their fullest strength. They likewise find it essential to mobilize their banking resources. The United States is no exception. Idle men and women are termed slackers—what should be said of dollars that are not marshaled in the way that will give them their maximum strength and usefulness?

STATE BANK SECTION

INTEREST RATES IN DIFFERENT STATES

In response to numerous inquiries regarding rates of interest in different states, the following synopsis has been prepared:

ALABAMA—The interest rate is 8 per cent.; the rate under contract is 8 per cent.; the lender forfeits all interest as a penalty for usury.

ARIZONA—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits interest as a penalty for usury.

ARKANSAS—The interest rate is 6 per cent.; the rate under contract (in writing) is 10 per cent.; the lender forfeits both principal and interest as a penalty for usury. Negotiable paper tainted with usury is void in the hands of an innocent holder.

CALIFORNIA—The interest rate is 7 per cent.; any rate under contract (in writing); no provision for penalty for usury.

COLORADO—The interest rate is 8 per cent.; any rate not exceeding 2 per cent. per month may be agreed upon; no provision for penalty for usury.

CONNECTICUT—The interest rate is 6 per cent.; the rate under contract is 12 per cent. The penalty for usury is imprisonment or fine or both and no action shall be brought to collect either principal or interest.

DELAWARE—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; no penalty for usury. Action at law may be had for recovery of excess interest over 6 per cent.

DISTRICT OF COLUMBIA—The interest rate of 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits entire interest as penalty for usury.

FLORIDA—The interest rate is 8 per cent.; the rate under contract is 10 per cent.; the lender forfeits interest as penalty for usury.

GEORGIA—The interest rate is 7 per cent.; the rate under contract is 8 per cent.; the lender forfeits interest as penalty for usury.

IDAHO—The interest rate is 7 per cent.; the rate under contract is 12 per cent.; the lender forfeits interest as penalty for usury.

ILLINOIS—The interest rate is 5 per cent.; the rate under contract is 7 per cent.; the lender forfeits entire interest as penalty for usury.

INDIANA—The interest rate is 6 per cent.; the rate under contract (in writing) is 8 per cent.; the lender forfeits excess interest (over 8 per cent.) as penalty for usury.

IOWA—The interest rate is 6 per cent.; the rate under contract (in writing) is 8 per cent.; if over 8 per cent., the lender forfeits 8 per cent. per annum to school fund as penalty for usury; also forfeits interest.

KANSAS—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits excess interest as penalty for usury.

KENTUCKY—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the lender voids contracts as to excess interest as penalty for usury.

LOUISIANA—The interest rate is 5 per cent.; the rate under contract is 8 per cent.; the lender forfeits excess interest as penalty for usury.

MAINE—The interest rate is 6 per cent.; any rate under contract; no provisions for penalty for usury.

MARYLAND—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; penalty for usury, void as to excessive interest.

MASSACHUSETTS—The interest rate is 6 per cent.; any rate under contract in writing; no provision for penalty for usury (except on loans of less than $1,000).

MICHIGAN—The interest rate is 5 per cent.; the rate under contract (in writing) is 7 per cent.; the lender forfeits entire interest as penalty for usury.

MINNESOTA—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits interest as penalty for usury.

MISSISSIPPI—The interest rate is 6 per cent.; the rate under contract is 8 per cent.; interest charge under 20 per cent. lender forfeits all interest as penalty for usury; over 20 per cent., forfeits both principal and interest.

MISSOURI—The interest rate is 6 per cent.; the rate under contract (in writing) is 8 per cent.; the lender forfeits excess interest as penalty for usury.

MONTANA—The interest rate is 8 per cent.; the rate under contract is 12 per cent.; the taking or charging of a higher rate than 12 per cent. forfeits double the amount of interest as penalty.

NEBRASKA—The interest rate is 7 per cent.; the rate under contract is 10 per cent.; the lender forfeits all interest as penalty for usury.

NEVADA—The interest rate is 7 per cent.; the rate under contract (in writing) is 12 per cent.; no provision for penalty for usury.

NEW HAMPSHIRE—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the lender forfeits three times excess interest as penalty for usury.

NEW JERSEY—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the lender forfeits all interest as penalty for usury.

NEW MEXICO—The interest rate is 6 per cent.; the rate under contract in writing is 12 per cent.; the lender forfeits double the interest if paid as penalty for usury; also it is a misdemeanor punishable by fine.

NEW YORK—The interest rate is 6 per cent.; agreement may be made for any rate of interest on call loans over $5,000 when warehouse receipts, bills of lading, certificates of stock or negotiable instruments are given as collateral; the lender voids contract as to both principal and interest as penalty for usury; also it is a misdemeanor.

NORTH CAROLINA—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the lender forfeits entire interest (double amount if paid) as penalty for usury.

NORTH DAKOTA—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits all interest (double amount if paid) as penalty for usury.

OHIO—The interest rate is 6 per cent.; the rate under contract in writing is 8 per cent.; the lender forfeits excess interest as penalty for usury.

OKLAHOMA—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits double the amount of interest as penalty for usury.

OREGON—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits principal and interest as penalty for usury.

PENNSYLVANIA—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the lender forfeits excess interest as penalty for usury.

RHODE ISLAND—The interest rate is 6 per cent.; any rate under contract; contract void as penalty for usury.

SOUTH CAROLINA—The interest rate is 7 per cent.; the rate under contract in writing is 8 per cent.; the lender forfeits entire interest (double amount if paid) as penalty for usury.

SOUTH DAKOTA—The interest rate is 7 per cent.; the rate under contract is 12 per cent.; the lender forfeits all interest as penalty for usury; and is misdemeanor.

TENNESSEE—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; contract is void as to excess interest as penalty for usury; also a misdemeanor.

TEXAS—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits all interest (double amount if paid) as penalty for usury.

UTAH—The interest rate is 8 per cent.; the rate under contract in writing is 12 per cent.; the lender voids contract both as to principal and interest as penalty for usury; also a misdemeanor.

VERMONT—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the lender forfeits excess interest as penalty for usury.

VIRGINIA—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the lender forfeits interest as penalty for usury.

WASHINGTON—The interest rate is 6 per cent.; the rate under contract is 12 per cent.; the lender forfeits double amount of interest as penalty for usury.

WEST VIRGINIA—The interest rate is 6 per cent.; the rate under contract is 6 per cent.; the contract is void as to excess interest as penalty for usury.

WISCONSIN—The interest rate is 6 per cent.; the rate under contract is 10 per cent.; the lender forfeits all interest (treble excess if paid) as penalty for usury.

WYOMING—The interest rate is 8 per cent.; the rate under contract in writing is 12 per cent.; the lender forfeits interest as penalty for usury.

THE INSURANCE SITUATION

The Insurance Referendum Committee of the American Bankers Association met at Chicago in December and considered the subject of organizing a company to insure bank risks. The announcement is made that the committee is in agreement on the following points:

First: By confining lines of insurance to strictly bankers risks they are certain that the same can be profitably written at from 50 to 75 per cent. of the present rates, and that a sufficient volume of insurance would be quickly available to warrant the organization of a bankers company; and that a satisfactory return would be had upon such an investment.

Second: They are certain this is the wish of a very large percentage of the members of the American Bankers Association, and are further satisfied that very liberal discounts can be made to the membership because of the protective department to all members. The same is true of all members of the state associations, where co-operation can be had. (1) Further, it was decided that it is not the intention of the committee that the American Bankers Association, as an organization, should engage in the insurance business. (2) It is not the intention of the committee that any present insurance arrangements which are satisfactory to any state association, shall be interfered with by any plan or arrangement of this committee. (3) It is not the intention of the committee to suggest any arrangement, with an existing company, or through the organization of a new company, whereby any bank will be restricted from patronizing such agency as it desires. (4) It is not the intention of the committee to suggest that a bankers company, if organized, shall be officered or managed by other than experienced insurance men.

PRACTICAL WORK

From Michigan: "Am very glad that there is definite work to be done by the general service committee. The question of bank printing and lithography interests me very much. For one thing, I have never been able to see why we should pay lithographers from $25.00 to $75.00 or even more for an engraving stone and have it remain their property. It seems to me, that when we pay for the work on it we are as much entitled to the stone as we should be if we paid an architect for a set of plans of a house. They charge us for it and the stone should legally be ours. Am very glad also to go into the matter of bank forms, for we are in the throes of changing our system of handling the business. Our present system has a few growing pains, due to the fact of the bank's rapid growth in the past ten years. We are trying to handle the business of 10,000 customers with a system suited to about 2,500."

STATE SECRETARIES SECTION

OFFICERS OF THE STATE SECRETARIES SECTION

PRESIDENT
GEORGE D. BARTLETT, Secretary Wisconsin Bankers Association, Milwaukee, Wis.

FIRST VICE-PRESIDENT
FREDERICK H. COLBURN, Secretary California Bankers Association, San Francisco, Cal.

SECOND VICE-PRESIDENT
ROBERT E. WAIT, Secretary Arkansas Bankers Association, Little Rock, Ark.

SECRETARY-TREASURER
T. H. DICKSON, Secretary Mississippi Bankers Association, Vicksburg, Miss.

OFFICERS OF STATE BANKERS ASSOCIATIONS

REVISED TO JANUARY 1, 1918

ALABAMA—Organized 1892.
President—J. Kirk Jackson, vice-president American Trust and Savings Bank, Birmingham.
Vice-President—Val Taylor, president Canebrake Loan and Trust Company, Uniontown.
Secretary-Treasurer—Henry T. Bartlett, assistant cashier First National Bank, Montgomery.

ARIZONA—Organized 1903.
President—P. P. Greer, president First National Bank, Globe.
Vice-President—M. I. Powers, president Citizens Bank, Flagstaff.
Secretary—Morris Goldwater, president Commercial Trust & Savings Bank, Prescott.
Treasurer—J. R. Todd, manager Gila Valley Bank & Trust Company, Globe.

ARKANSAS—Organized 1891.
President—Virgil C. Pettie, vice-president Bank of Jonesboro, Jonesboro.
Vice-President—George H. Bell, cashier Planters Bank and Trust Company, Nashville.
Secretary—Robert E. Wait, president Citizens Investment and Security Company, Little Rock.
Treasurer—Bruce Holcomb, cashier First National Bank, Fayetteville.

CALIFORNIA—Organized 1891.
President—F. J. Belcher, Jr., cashier First National Bank, San Diego.
Vice-President—W. D. Longyear, vice-president Security Trust & Savings Bank, Los Angeles.
Secretary—F. H. Colburn, Mills Building, San Francisco.
Treasurer—Charles L. Davis, assistant cashier Wells-Fargo Nevada National Bank, San Francisco.

COLORADO—Organized 1902.
President—D. T. Stone, president United States Bank & Trust Company, Grand Junction.
Vice-President—W. L. McCaslin, president Farmers National Bank, Longmont.
Secretary—Paul Hardey, cashier Interstate Trust Company, Denver.
Treasurer—W. F. Boyd, cashier Saguache County Bank, Saguache.

CONNECTICUT—Organized 1899.
President—Charles T. Treadway, president Bristol National Bank, Bristol.
Vice-President—R. La Motte Russell, president Manchester Trust Company, South Manchester.
Secretary—Charles E. Hoyt, secretary and treasurer South Norwalk Trust Company, South Norwalk.
Treasurer—Charles E. Smith, treasurer Southington Bank & Trust Company, Southington.

DELAWARE—Organized 1913.
President—Otho Nowland, president Equitable Guardian & Trust Company, Wilmington.
Secretary-Treasurer—Wm. G. Taylor, vice-president and treasurer Delaware Trust Company, Wilmington.

DISTRICT OF COLUMBIA—Organized 1901.
President—Corcoran Thom, vice-president American Security & Trust Company, Washington.
First Vice-President—A. G. Clapham, president Commercial National Bank, Washington.
Second Vice-President—M. D. Rosenberg, president Bank of Commerce & Savings, Washington.
Secretary—Eugene M. Thompson, Crane, Parris & Company, Washington.
Treasurer—A. S. Gatley, cashier Lincoln National Bank, Washington.

FLORIDA—Organized 1889.
President—Dr. Lincoln Hully, president John B. Stetson University, De Land.
Vice-Presidents—Forrest Lake, Sanford; G. G. Ware, Leesburg; G. B. Lamar, St. Augustine; E. L. Wirt, Bartow; R. W. Goodhart, Pensacola.
Secretary-Treasurer—George R. De Saussure, vice-president Barnett National Bank, Jacksonville.

GEORGIA—Organized 1892.
President—Rufus H. Brown, cashier Georgia Railroad Bank, Augusta.
Vice-Presidents—William C. Lanier, West Point; T. R. Turner, Haddock; H. Warner Martin, Atlanta; E. J. Perry, Bainbridge; H. P. Hunter, Elberton.
Secretary—Haynes McFadden, Candler Building, Atlanta.
Treasurer—E. C. Smith, vice-president and cashier Griffin Banking Company, Griffin.

IDAHO—Organized 1905.
President—J. C. Blackwell, cashier Parma State Bank, Parma.
Vice-President—D. W. Davis, president First National Bank, American Falls.
Secretary—J. W. Robinson, secretary Union Savings & Trust Company, Boise.

Treasurer—J. A. McDonald, cashier First National Bank, Ashton.

ILLINOIS—Organized 1891.

President—Robert R. Ward, vice-president Benton State Bank, Benton.

Vice-President—Charles R. Ireland, cashier Washburn Bank, Washburn.

Secretary—M. A. Graettinger, 208 So. La Salle Street, Chicago.

Treasurer—Maurice A. Mudd, cashier First State Bank, Chester.

INDIANA—Organized 1897.

President—F. E. Davis, president Citizens National Bank, Tipton.

Vice-President—Robt. A. Morris, cashier Fairmount State Bank, Fairmount.

Secretary—Andrew Smith, vice-president Indiana National Bank, Indianapolis.

Treasurer—R. W. Akin, cashier Peoples State Bank, Sullivan.

IOWA—Organized 1887.

President—S. M. Leach, president Adel State Bank, Adel.

Vice-President—Parley Sheldon, president Story County Trust & Savings Bank, Ames.

Secretary—Frank Warner, 710 Fleming Building, Des Moines.

Treasurer—F. D. Ball, cashier Iowa State Savings Bank, Creston.

KANSAS—Organized 1887.

President—Thomas B. Kennedy, president First National Bank, Junction City.

Vice-President—F. H. Foster, vice-president Fort Scott State Bank, Fort Scott.

Secretary—W. W. Bowman, Topeka.

Treasurer—Geo. D. Hall, cashier First National Bank, Fowler.

KENTUCKY—Organized 1891.

President—Henry D. Ormsby, vice-president and cashier National Bank of Kentucky, Louisville.

Secretary—J. C. Cardwell, Louisville.

Treasurer—Marc C. Stuart, cashier National Deposit Bank, Owensboro.

LOUISIANA—Organized 1900.

President—L. O. Broussard, president Bank of Abbeville, Abbeville.

Vice-President—Frank Roberts, vice-president Calcasieu National Bank of Southwest Louisiana, Lake Charles.

Secretary—Eugene Cazedessus, cashier Bank of Baton Rouge, Baton Rouge.

Treasurer—W. J. Mitchell, vice-president Commercial National Bank, New Orleans.

MAINE—Organized 1900.

President—Henry F. Libby, cashier Pittsfield National Bank, Pittsfield.

Vice-President—Frank E. Smith, secretary-treasurer Augusta Trust Company, Augusta.

Secretary—Edward S. Kennard, cashier Rumford National Bank, Rumford.

Treasurer—George A. Safford, treasurer Hallowell Trust & Banking Company, Hallowell.

MARYLAND—Organized 1896.

President—Harry J. Hopkins, president Farmers National Bank, Annapolis.

First Vice-President—William S. Gordy, Jr., cashier Salisbury National Bank, Salisbury.

Secretary—Charles Hann, assistant cashier Merchants-Mechanics First National Bank, Baltimore.

Treasurer—William Marriott, cashier Western National Bank, Baltimore.

MASSACHUSETTS—Organized 1905.

President—George E. Brock, president Home Savings Bank, Boston.

Vice-President—Elmer A. Onthank, president Safety Fund National Bank, Fitchburg.

Secretary—George W. Hyde, assistant cashier First National Bank, Boston.

Treasurer—Josiah H. Gifford, cashier Merchants National Bank, Salem.

MICHIGAN—Organized 1887.

President—Frank W. Blair, president Union Trust Company, Detroit.

First Vice-President—J. H. Rice, president Houghton National Bank, Houghton.

Second Vice-President—Otto Schupp, vice-president and cashier Bank of Saginaw, Saginaw.

Secretary—Mrs. H. M. Brown, 1313 Ford Building, Detroit.

Treasurer—Chalmers Curtis, president First National Bank, Petoskey.

MINNESOTA—Organized 1887.

President—A. C. Gooding, president First National Bank, Rochester.

Vice-President—E. L. Mattson, vice-president Scandinavian American National Bank, Minneapolis.

Secretary—George H. Richards, 611 Northwestern Bank Building, Minneapolis.

Treasurer—J. F. Millward, president Kandiyohi County Bank, Willmar.

MISSISSIPPI—Organized 1889.

President—W. P. Kretschmar, president Commercial Savings Bank, Greenville.

First Vice-President—R. C. King, cashier Bank of Commerce, Greenwood.

Secretary—T. H. Dickson, Vicksburg.

Treasurer—E. P. Peacock, president Bank of Clarksdale, Clarksdale.

MISSOURI—Organized 1891.

President—W. B. Sanford, president Holland Banking Company, Springfield.

Vice-President—F. T. Hodgdon, cashier Farmers and Merchants Bank, Hannibal.

Secretary—W. F. Keyser, Sedalia.

Treasurer—W. L. Buechle, president Security National Bank, Kansas City.

MONTANA—Organized 1904.

President—R. J. Covert, president Merchants National Bank, Billings.

Vice-President—C. F. Morris, vice-president Security State Bank, Havre.

Secretary-Treasurer—E. A. Newlon, cashier Great Falls National Bank, Great Falls.

NEBRASKA—Organized 1890.
President—Dan Morris, president City National Bank, Kearney.
Secretary—William B. Hughes, manager Omaha Clearing House, Omaha.
Treasurer—J. F. Coad, president Packers National Bank, South Omaha.

NEVADA—Organized 1908.
President—C. W. Foote, cashier Churchill County Bank, Fallon.
Vice-President—Moses Reinhart, president Winnemucca State Bank, Winnemucca.
Secretary—J. W. Davey, secretary Reno Clearing House Association, Reno.
Treasurer—J. T. Goodwin, cashier First National Bank, Lovelocks.

NEW HAMPSHIRE—Organized 1913.
President—J. K. Bates, president First National Bank, Portsmouth.
Secretary—Harry L. Additon, vice-president and cashier Merchants National Bank. Manchester
Treasurer—Arthur T. Cass, cashier Citizens National Bank, Tilton.

NEW JERSEY—Organized 1903.
President—William Chambers, president Vineland Trust Company, Vineland.
Vice-President—E. S. Bartlett, cashier Atlantic City National Bank, Atlantic City.
Secretary—William J. Field, vice-president Commercial Trust Company of New Jersey, Jersey City.
Treasurer—W. P. Gardner, vice-president New Jersey Title Guarantee and Trust Company, Jersey City.

NEW MEXICO—Organized 1905.
President—W. D. Murray, president Silver City National Bank, Silver City.
Vice-President—J. J. Jaffa, vice-president and cashier Citizens National Bank, Roswell.
Secretary—W. A. McMillan, cashier American Trust & Savings Bank, Albuquerque.
Treasurer—G. Hobbs, assistant cashier First National Bank, Roswell.

NEW YORK—Organized 1894.
President—John H. Gregory, president Central Bank, Rochester.
Vice-President—Delmer Runkle, president Peoples National Bank, Hoosick Falls.
Secretary—Edward J. Gallien, 128 Broadway, New York.
Treasurer—T. H. Reddish, cashier Owego National Bank, Owego.

NORTH CAROLINA—Organized 1897.
President—W. B. Drake, Jr., vice-president and cashier Merchants National Bank, Raleigh.
Vice-Presidents—Jas. A. Gray, Jr., treasurer Wachovia Bank & Trust Company, Winston-Salem; Jos. B. Ramsey, president First National Bank, Rocky Mount; Erwin Sluder, vice-president Battery Park Bank, Asheville.
Secretary-Treasurer—William A. Hunt, cashier Citizens Bank, Henderson.

NORTH DAKOTA—Organized 1903.
President—C. R. Green, vice-president Merchants & Farmers Bank, Cavalier.
Vice-President—J. L. Bell, vice-president First National Bank, Bismarck.
Secretary—W. C. Macfadden, Fargo.
Treasurer—W. F. Hanks, cashier State Bank, Powers Lake.

OHIO—Organized 1891.
President—W. A. Blicke, cashier Bucyrus City Bank, Bucyrus.
Vice-President—M. R. Denver, president Clinton County National Bank, Wilmington.
Secretary—S. B. Rankin, president Bank of South Charleston, South Charleston, office of the Association, 805 Wyandotte Building, Columbus.
Treasurer—W. C. Mooney, president Monroe Bank, Woodfield.

OKLAHOMA—Organized 1897.
President—H. A. McCauley, president Sapulpa State Bank, Sapulpa.
Vice-President—G. C. Robertson, cashier First National Bank, Lawton.
Secretary—E. P. Gumm, 908 Colcord Building, Oklahoma City.
Treasurer—W. B. Stephens, president State Bank of Rocky, Rocky.

OREGON—Organized 1905.
President—E. D. Cusick, president J. W. Cusick & Company, Albany.
Vice-President—E. G. Crawford, president Lumbermen's National Bank, Portland.
Secretary—J. L. Hartman, Hartman & Thompson, bankers, Portland.
Treasurer—F. C. Bramwell, Grant's Pass.

PENNSYLVANIA—Organized 1894.
President—Lawrence E. Sands, president First-Second National Bank, Pittsburgh.
Vice-President—Frank M. Horn, cashier National Bank of Catasauqua, Catasauqua.
Secretary—D. S. Kloss, Tyrone.
Treasurer—R. J. Mattern, cashier Union National Bank, Huntington.

RHODE ISLAND—Organized 1915.
President—H. W. Fitz, vice-president Slater Trust Company, Pawtucket.
Vice-President—F. C. Nichols, vice-president Industrial Trust Company, Providence.
Secretary—E. A. Havens, assistant cashier Mechanics National Bank, Providence.
Treasurer—C. H. W. Mandeville, cashier National Exchange Bank, Providence.

SOUTH CAROLINA—Organized 1901.
President—Charles D. Jones, president First National Bank, Lancaster.
Vice-President—J. S. Wannamaker, president St. Matthews National Bank, St. Matthews.
Secretary-Treasurer—Julien C. Rogers, cashier First National Bank, Florence.

SOUTH DAKOTA—Organized 1886.
President—R. E. Cone, president James Valley Bank, Huron.
Vice-President—Alex. Highland, vice-president Aberdeen National Bank, Aberdeen.
Secretary—A. B. Darling, vice-president Western National Bank, Mitchell.
Treasurer—Charles B. Hunt, cashier Bank of Wasta, Wasta.

TENNESSEE—Organized 1890.
President—Sterling Fort, president Northern Bank of Tennessee, Clarksville.
Vice-Presidents—H. E. Graper, president Citizens Bank, Lexington; R. E. Feeney, cashier First National Bank, Fayetteville, and O. C. Armitage, cashier Greene County Bank, Greenville.
Secretary—F. M. Mayfield, Nashville.
Treasurer—Charles I. Schade, cashier Lawrence Bank and Trust Company, Lawrence.

TEXAS—Organized 1885.
President—Howell E. Smith, cashier First National Bank, McKinney.
Vice-Presidents—L. D. Amsler, Hempstead; Charles H. Flato, Jr., Kingsville; R. J. Eckhardt, Taylor; Oxsheer Smith, Cameron; John Owens, Wills Point; W. C. Dew, Goldthwaite; C. W. Snider, Wichita Falls.
Secretary—W. A. Philpott, Jr., Dallas.
Treasurer—H. M. Hart, San Antonio.

UTAH—Organized 1909.
President—John G. M. Barnes, vice-president Barnes Banking Company, Kaysville.
First Vice-President—Thomas N. Taylor, president Farmers & Merchants Bank, Provo.
Second Vice-President—Carl R. Marcussen, cashier Price Commercial & Savings Bank, Price.
Secretary-Treasurer—J. E. Shepard, cashier Cache Valley Banking Company, Logan.

VERMONT—Organized 1909.
President—A. H. Chandler, Bellows Falls Trust Company, Bellows Falls.
Secretary—C. S. Webster, treasurer Barton Savings Bank & Trust Company, Barton.
Treasurer—D. L. Wells, cashier First National Bank, Orwell.

VIRGINIA—Organized 1893.
President—W. M. Addison, vice-president and cashier First National Bank, Richmond.
Vice-President—G. E. Vaughn, vice-president Peoples National Bank, Lynchburg.
Secretary—V. Vaiden, cashier First National Bank, Farmville.
Treasurer—W. F. Augustine, assistant cashier Merchants National Bank, Richmond.

WASHINGTON—Organized 1899.
President—J. A. Swalwell, vice-president National Bank of Commerce, Seattle.
Vice-President—O. M. Green, vice-president Exchange National Bank, Spokane.
Secretary—W. H. Martin, cashier Pioneer National Bank, Ritzville.
Treasurer—Guy H. Pearl, cashier Citizens State Bank, Prosser.

WEST VIRGINIA—Organized 1895.
President—H. O. Aleshire, vice-president Day and Night Bank, Huntington.
Vice-President—James A. Sigafoose, cashier Marshall County Bank, Moundsdale.
Secretary-Treasurer—Joseph S. Hill, cashier Charleston National Bank, Charleston.

WISCONSIN—Organized 1892.
President—William M. Post, cashier National Exchange Bank, Milwaukee.
Vice-President—Ernest W. J. Perry, president First National Bank, Fond du Lac.
Secretary—George D. Bartlett, 408 Pabst Building, Milwaukee.
Assistant Secretary—Wall G. Coapman, 408 Pabst Building, Milwaukee.
Treasurer—W. A. von Berg, cashier State Bank of Mosinee, Mosinee.

WYOMING—Organized 1908.
President—C. L. Langworthy, cashier Stock Growers National Bank, Buffalo.
Vice-President—A. D. Johnston, cashier First National Bank, Cheyenne.
Secretary—Harry B. Henderson, cashier The Wyoming Trust & Savings Bank, Cheyenne.
Treasurer—W. J. Thom, cashier First National Bank, Buffalo.

CONVENTION CALENDAR

Date	Association	Place
Jan. 18	Vermont	Burlington
April 22, 23, 24	Executive Council A. B. A.,	Hot Springs, Ark.
May 8-9	Oklahoma	Oklahoma City
May 9-10-11	Alabama	Birmingham
May 14-15-16	Texas	Galveston
May 21-22	Missouri	———
May 21-22	Mississippi	Clarksdale
May 23-24	Kansas	Hutchinson
May	New Jersey	———
June 20-21	New York	Atlantic City, N. J.
June	Iowa	Dubuque
June	Oregon	Bend
June	South Dakota	Rapid City
July 11-12	North Dakota	Mandan
Sept. 5	Delaware	———
Sept. 23-28	American Bankers	Chicago
———	Florida	Tampa
———	Montana	Billings
———	Wyoming	Laramie

BULLETIN

OF THE

AMERICAN INSTITUTE OF BANKING

Institute Convention at Denver

September 17, 18 and 19, 1918

The sixteenth annual convention of the American Institute of Banking will be held in Denver on September 17, 18 and 19, 1918.

This decision was reached by the Executive Council after very carefully considering the matter, and the announcement of the convention dates is purposely made so far in advance in order to give all of our members who expect to attend the meeting a chance to make their plans accordingly.

The Council feels that there is every reason why the Denver convention should be the best and most interesting one the Institute has ever held because there has been no year in the history of our organization that has been so crowded with important financial events as the years 1917 and 1918.

Nor has there ever been a time when the Institute took an active part in so many important economic, financial and business problems as at the present time, quite aside from the usual educational activities which, of course, continue to be its most important work.

There has never been, therefore, a greater need for a "gathering of the clans" than there will be next fall, when all the activities of the chapters in the various sections of the country can be reviewed and plans for even more effective work for the following year can be discussed.

This applies particularly to our plans of rendering every possible help to the government in the efficient prosecution of the war, which, from present indications, will probably not end in victory for us before the dates set for the Institute convention.

We believe, therefore, that notwithstanding the abnormal conditions which may exist at that time our usual convention should be held, and we have selected the above dates because our meeting will thus precede the convention of the American Bankers Association to be held in Chicago by just a few days.

Under present conditions this will have the double advantage of permitting many of our members to attend both meetings, and it will also be more or less insurance against a possible conflict of dates with a Liberty Loan campaign, as it is hardly likely that the government would conduct such a campaign in September.

So far as the attendance is concerned, we believe that it should at least be up to our usual standard, because we feel that notwithstanding the shortage in clerical help, all banks will want to give their employees a vacation as they do not wish to have them break down under the heavy strain of the great amount of extra work which all of us are doing and are likely to continue to do during the period of this war.

It would seem only necessary, therefore, to point out that a trip to Colorado is the ideal form of recreation for the tired bank man to induce as many of our members as possible to plan to take their vacations in September, especially as the Transportation Committee expects to work out a very attractive trip for the delegates in connection with the convention.

Preliminary announcements of the plans of the various convention committees will appear in the next issue of the BULLETIN, but in the meantime we hope that all of our members will make a mental note of the dates, September 17, 18 and 19, and make all of their plans accordingly.

R. S. HECHT, *President*.

Institute Service in the War Savings Campaign

BY J. C. THOMSON

Vice-President of the Institute and Chairman of the Public Affairs Committee

THE American Institute of Banking has been drafted for service in connection with the war savings campaign.

Our organization is expected to mobilize its resources so that we may assist the War Savings Committee to the greatest possible extent. The definite lines along which the Institute can be of service are as follows:

1. Have every Institute man become a holder of a War Savings Certificate.

2. Have each Institute member become familiar with the plan of this campaign so that he can boost intelligently in the bank and among his friends.

3. Each chapter should furnish a list of speakers from among chapter members to the local committee in charge of the war savings campaign.

4. Assist the local committee and the state director in any way that they may suggest.

Before this article is read it is hoped that every Institute man in the country, whether in a City Chapter or as a member of the Correspondence Chapter, will receive a letter from President Hecht, together with full information in regard to the campaign.

Each state director has been notified by the War Savings Committee that the Institute would assist in any way that they desired. The chairman of the Public Affairs Committee has written a letter to each one of these state directors, giving the names of the presidents of the chapters in his district, so that he might get in touch with them.

The work of the Public Affairs Committee this year is divided, and each district chairman is responsible for the work in his district. Each chapter president will be asked to make a report of the work done, and the plans used to the district chairman, and information or help may be received by any chapter from the chairman in their district.

Additional information and literature will be sent out from the sub-committee in Washington as the campaign progresses. It is hoped that we may receive full reports of the work done so as to have this information published in the JOURNAL-BULLETIN.

In co-operation with the Public Affairs Committee, W. W. Allen, Jr., chairman of the Committee on Public Speaking and Debating, has asked every chapter president to organize a public-speaking class, so that when the demand is made on the Institute chapters for men they may be ready to respond.

The literature sent out outlines in detail the plan for organizing war savings societies. The first society of this kind in the United States was formed in Washington Chapter. Every chapter should have a society among its members, and should urge them to form additional societies among their friends outside of the bank.

This campaign will last for one year, and this fact should be considered by each chapter in organizing their work. Care should be taken to see that members thoroughly understand the campaign before any definite action is taken.

This is possibly the greatest opportunity that will be offered the Institute this year. The work is necessary, and the Institute men are fully capable of assisting.

Your committee desires the co-operation of every chapter officer and Institute member to the end that we may do our part.

DUTY AND OPPORTUNITY

W. W. Allen, Jr., of the Institute Public Speaking and Debate Committee, has written the following letter to chapter presidents:

"Mr. Frank A. Vanderlip in a recent address before one of our chapters gave expression to his conviction that the younger men in the banking fraternity were to be the leaders in the changing conditions which confront us. The Institute-trained man will be the one who can be depended upon to give correct information to his family, his friends and his acquaintances. Furthermore he will be equipped to help mold public opinion in his own locality. The Institute is coming more and more to be a factor in the banking world. In this country we have not had enough students of finance and their development must come through our own agency.

"Under able leadership the Institute is moving forward quickly this year. The Board of Regents has just outlined a six-year course for the educational work, beginning next fall. Some good work has been done in connection with the Liberty Loans, and more will be done. But there are two propositions which are now up, in which the American Institute of Banking has a special interest. Our members should be peculiarly well fitted to get behind them. In the first place, we should have men in each chapter who can be leaders in private conversation and public speech in the matter of the War Savings and Thrift Stamps; able to show more than the mere plan, that we have been and are an extravagant nation and that it will be a great blessing to us as a people if the habit of saving can be inculcated. In the second place, we are soon to be asked to help inform the public as to the advantages of Trade Acceptances. Who can do these things better than an Institute man? And how is he to do it most effectively?

"Will you arrange for a meeting at an early date in your chapter where men who will volunteer their services for these two lines can be properly instructed in the finer points and the best methods of bringing them home in your community? The American Bankers Association is expecting much from the Institute on these two subjects. Shall we show that the Institute is not called upon in vain? Get your group of men together, have competent parties on hand to give instruction, try some practice talks right there and be ready to report the names of volunteers to the member of the Public Affairs Committee in your district when he calls."

REAL RUSSIA

AN INSPIRING LETTER FROM HAROLD J. DREHER

To the members of the American Institute of Banking:

I write this message from the heart of Russia, the place dearest of all and richest in historic lore, the very holy city of the Russian people. As I write I look out upon the Kremlin, the ancient seat of autocratic authority, from whence in the past emanated the absolute decrees upon which hung life and death and the happiness and misery of millions of souls.

The Kremlin is striking in its contrasts, for within its walls there stand side by side arsenals and dungeons, manifesting the power of might and brutality, and churches surmounted by golden crosses, emblematic of mercy and good-will to men. In the old palace of the Kremlin the first Czar of the Russias maintained his court. In its chambers Napoleon, then master of the world, lived after his conquest in Russia. From the windows of the palace he beheld the burning of Moscow, fired by its inhabitants to accomplish the destruction of his army; and in those flames he must have seen the dawn of his own eclipse as a conqueror, for first at Moscow the glory of his career began to dim. In this same Kremlin the Czars of the Russias were crowned for centuries, and went forth as champions of the absolute power of autocracy.

In contrast, in the rapid change of events, I witness each day history in the making and see a nation being born again after centuries of national existence, with its foundation based on democratic ideals of government. Millions of people, after centuries of ignorance and repression, are at last standing in the full light of freedom and endeavoring, without preparation, to accept the blessings of freedom without understanding its obligations.

But democracies are not the growth of days, nor are they achieved by the eloquent phrases of idealists. They rest, in their permanency, in the very hearts and minds of the people, and unless those who live under them are prepared to accept the responsibilities which are corollary to the benefits bestowed, democracies are but shams existing only in form and not in substance.

As one lives day by day in the mighty events transpiring in this land, one realizes more deeply than ever that while monarchies may exist by the might of physical power, democracies are infinitely harder to establish and maintain; for the power of monarchy may descend to the people from above, but the power of democracy springs from the common heart of all the people, and can only realize its great purposes when the concepts of the people are sound.

Each day I realize more and more the inexorable working of economic law, and in that realization there is brought forcibly to mind the compelling necessity for institutions, safeguarding intelligently and with vision the economic activities of the people and supplying the means whereby their economic wants may be satisfied. And of these economic institutions, none is more important than that of banking and its correlated activities. In the chaos inevitably attendant upon so stupendous a political revolution as has transpired in this land, a clear and widely diffused conception of economic law has been submerged in the current of political activity, and events are transpiring which must inevitably bear their burden heavy upon the people of the land and the severity of which can in no wise be alleviated until measures demonstrated through centuries of economic activity to be fundamentally sound are enacted and effectively applied.

The great law of co-operation has not been learned, each group, rural and urban, believing itself to be sufficient unto itself and not realizing that a nation is such in reality only when all its people, no matter what their occupation or station in life, are imbued with a common purpose of common service, inspired by a desire to promote the general welfare of all.

The cost of living is increasing, as in every country, and to meet that cost more and more money is being issued, at variance with the well-established economic truth that the unlimited issuance of currency is not a stabilizer or a reducer of prices. Currency is being issued to pay wages, which are higher than ever before existed, with hours of labor and efficiency of output greatly reduced. And through ignorance of economic law the great mass of the workers does not realize that without efficient and continued labor and steady production there can be no wealth, and that all the currency which they are receiving will not meet their wants or make them richer, for its purchasing power proportionately diminishes as its volume increases. The conception of wealth is still crude in this land, and the great desire seems to be to acquire money irrespective of what that money will bring.

All these facts are set forth in order to emphasize from this land, rich in promise for the future, with lovable people of good native qualities, and with every possibility of a national existence so splendid that America may feel honored by the friendship of Russia, the absolute necessity of rightly educating every citizen of our Republic and of so disseminating sound thinking and insuring an equitable distribution of the fruits of labor that the influence of America may never diminish, for its institutions will be cherished by an intelligent citizenship—the surest safeguard of democratic institutions. For in the travail of this people, on their journey along the path of freedom, one realizes as never before what the example of American institutions means to democracy everywhere, and how essential it is that if we are to guide and lead others we must perfect in highest degree our own internal order.

And I have seen at first hand the fruits of war. It is sad, indeed, to be in a war-ridden land and to see what it all means. America has no adequate conception as yet of it all, and perhaps never will have in a similar sense as have these people, although the heart of America will undoubtedly suffer terribly. All around one sees misery and suffering, and men broken in body and spirit who have borne the brunt of the struggle. It makes one revolt at the terribleness of it all. And how awful is the responsibility of that group which brought it about! When I think that the very best blood of America will soon go through the same experiences, and as I think that numbers of men of the Institute will go forth, many of them to return no more and others to return physically disabled, I can but utter one phrase again and again: This *must* be the last war waged for aggression.

But because of America and of the noble way in which the challenge of military autocracy has been accepted—and no reason of war was ever more noble—democracy will triumph, and the peoples of the earth will work out their own destiny in their own way, each nation as best fits its characteristics and its legitimate aspirations. And in it all the Institute will play its part, and on its rolls of membership there will be inscribed the names of many who have been heroes in the cause of democratic freedom.

My heart is with the Institute to-day more than it has ever been before, for I have witnessed things here which have given me a deeper conception of life than I have ever had before. In the struggle of war the Institute will play its part, and when war is over the Institute, and what it stands for in America, will be more needed than ever to maintain America's pre-eminent position in commerce and in the future development of world policies. And not only in America will the Institute be needed, but what it is and what it stands for will also be needed in every other nation seeking to promote the welfare of its people through education and a right conception of economic and fundamental law.

And so, in this land at this Christmas time, far removed from the activities of America but still ceaselessly striving to promote in every way the interests of America, I am sending by this means to the members of the Institute that personal message which I can not send this year as I have been wont to do to many in years past, of a merry Christmas and a year to come filled with contentment and with great tasks well accomplished.

H. J. Dreher.

Moscow, Russia, Oct., 1917.

TRADE ACCEPTANCE COMMITTEES

In connection with the campaign of the American Trade Acceptance Council, President Hecht has appointed the following committees, representing the Institute, to assist in promoting the use of the "Trade Acceptance."

GENERAL COMMITTEE

Freas Brown Snyder, vice-president First National Bank, Philadelphia, Chairman.

C. B. Hazlewood, vice-president Union Trust Company, Chicago.

John Clausen, vice-president Crocker National Bank, San Francisco.

SPECIAL COMMITTEES IN EACH FEDERAL RESERVE CITY

BOSTON

Raymond B. Cox, vice-president Webster & Atlas National Bank.

Herbert E. Stone, assistant cashier Second National Bank.

C. W. Stevens, assistant secretary Old Colony Trust Co.

NEW YORK

John E. Rovensky, vice-president National Bank of Commerce.

E. S. Wolfe, assistant cashier, National City Bank.

N. D. Alling, assistant cashier, Irving National Bank.

PHILADELPHIA

Freas Brown Snyder, vice-president First National Bank.

O. Howard Wolfe, cashier Philadelphia National Bank.

W. A. Nickert, assistant cashier Eighth National Bank.

CLEVELAND

Peter J. Slach, Broadway Savings & Trust Company.

W. R. Green, Guardian Savings & Trust Company.

Clay Herrick, Guardian Savings & Trust Company.

RICHMOND

W. F. Augustine, Merchants National Bank.

James M. Ball, First National Bank.

W. M. Goddard, Planters National Bank.

ATLANTA

J. B. Pike, cashier Federal Reserve Bank.

Stewart McGinty, assistant cashier, Fourth National Bank.

James F. Alexander, assistant cashier, Atlanta National Bank.

NEW ORLEANS

James H. Kepper, assistant cashier, Hibernia Bank & Trust Co.

N. E. Bertel, assistant cashier Whitney-Central National Bank.

F. L. Ramos, assistant cashier, Canal Bank & Trust Company.

CHICAGO

C. B. Hazlewood, vice-president Union Trust Company.

Harry N. Grut, cashier Mercantile Trust & Savings Bank.

H. Lawton, manager foreign department, Fort Dearborn National Bank.

ST. LOUIS

C. F. Herb, vice-president Mississippi Valley Trust Co.

Byron W. Moser, assistant cashier St. Louis Union Bank.

F. K. Houston, vice-president Third National Bank.

MINNEAPOLIS

Lester T. Banks, assistant cashier Northwestern National Bank.

John G. Maclean, assistant cashier, First & Security National Bank.

A. E. Lindhjem, assistant cashier Midland National Bank.

KANSAS CITY

Carl W. Allendoerfer, vice-president First National Bank, Kansas City, Mo.

H. L. Larson, assistant cashier Commercial National Bank, Kansas City, Kan.

W. H. Potts, assistant secretary Commerce Trust Co., Kansas City, Mo.

DALLAS

Stewart D. Beckley, assistant cashier City National Bank.

J. D. Gillespie, cashier Tenison National Bank.

E. J. Gannon, Jr., assistant cashier American Exchange National Bank.

SAN FRANCISCO

John Clausen, vice-president Crocker National Bank.

Frank C. Mortimer, representative National City Bank.

J. S. Curran, assistant cashier Anglo London & Paris National Bank.

BOARD OF REGENTS

Frederick I. Kent, vice-president of the Bankers Trust Company of New York, has been elected a member of the Board of Regents of the American Institute of Banking, in place of Fred W. Ellsworth resigned.

It is needless to assure the members of the Institute that Mr. Kent is especially well equipped for this position not only from the standpoint of a practical educator but because of his genuine interest in and familiarity with the American Institute of Banking. He was one of its original organizers; was chairman of the first annual convention which was held in Cleveland in 1903; was a charter member and first president of Chicago Chapter; has lectured for many of the chapters in different parts of the country and in spite of his many national and international activities has kept in constant touch with the organization.

It is interesting to note in this connection that Mr. Kent has but recently been appointed by the Federal Reserve Board to take charge of the investigation, supervision and authorization of foreign exchange transactions, a duty recently delegated to the Board under the "Trading with the Enemy Act."

The Institute is to be congratulated upon securing the services of a man of Mr. Kent's caliber.

INSTITUTE COMMITTEES

The following changes should be made in the list of Institute committee appointments published in the November JOURNAL-BULLETIN:

Chapter Presidents' Conference—A. T. Matthews, Bank of California, Portland, Oregon, in place of A. B. Nordling, United States National Bank, Portland, Oregon.

Membership—A. C. Burchett, Bank of Commerce and Trust Co., Memphis, Tennessee, in place of H. H. Dillard, Exchange National Bank, Little Rock, Arkansas.

SPEED IN MENTAL OPERATIONS

In their mental operations I see about me all the time two groups of men—the mosquito fleet and the elephant brigade. The mosquito boys think quickly, and dart to conclusions like lightning. You will get an opinion out of them instantly that will be superior to any they will be able to produce after consideration. The elephant boys take more time. They move slowly. They like to think things over. Ask them for an opinion, and they will do better if they meditate.

There is no special choice between these two groups. In each group there are quantities of men of great ability. I can at this moment think of two wonderful Presidents of the United States—one a mosquito and the other an elephant.

As between men and women, it can be said in general that women are of the mosquito type. They pride themselves on their instinct for quick judgment. Men call it intuition. The "bright" boy at school is usually of the mosquito type. His intellectual performances are rapid and showy. He may or may not go on and succeed—but if he does make good he won't get any particular credit for it from his schoolmates, simply because they "always knew he was smart." It takes a successful elephant to go back to his class reunion and stir up enthusiasm. Nobody expected much of him, and consequently everybody is prepared to applaud his achievements.

It is amusing to watch these two kinds of men meet. The mosquitoes bother the elephants, and the elephants bother the mosquitoes. In games, especially, the irritation between the two reaches its height. If it is cards, the mosquito, with his leaping mind, knows in a second what he wants to do, while the elephant has to wait for his inspiration. Some games are better adapted to one of these groups than to the other. Take chess, for example—an admirable game for the elephant type of mind. There is a game to which two elephants can sit down and enjoy for a week at a stretch.—*New York Times.*

INSTITUTE CHAPTERGRAMS

KANSAS CITY CHAPTER

The New Year being with us now, circumstances are defining our chapter activities for the remainder of the Institute year. Our duties are obvious with reference to the aid we must give in helping the United States obtain money from its citizens in this community for the purpose of waging war against the enemy of humanity. The A. I. B. has trained "Four-Minute Speakers" in its public speaking department, and these men have been sent wherever they were assigned by the officers in charge of the campaign for the sale of War Savings Certificates. It has been found very advantageous to send them to the schools, banks, theaters and places of business of many industrial concerns. President W. H. Potts put in a call for volunteers Saturday, December 2, to count money for the United Charities of Kansas City, and a large number of the boys responded ready for work. Tag day being an annual event, this assistance is the regular contribution of the chapter to this worthy cause. The graduate class invited all bank men and women, including clerks, officers and directors of the banks and trust companies of Kansas City to an open house, Tuesday, December 11, for the purpose of hearing an informal address on the Income and War Profits Tax Laws, given by E. J. Dillon, certified public accountant, who is making this subject his specialty. His address was very interesting, nice points of the laws were discussed, many questions were asked and answered. The hour was a very profitable one indeed.

J. FRANK JAMISON.

ALBANY PROMOTIONS

Herbert J. Kneip has been elected assistant cashier of the National Commercial Bank of Albany. Godfrey J. Smith and Halsey W. Snow, Jr., of the same institution, have been promoted to chief clerk and assistant manager of the transit department, respectively. Mr. Smith is an ex-president of Albany Chapter and Mr. Snow is secretary of the chapter. All are Institute graduates.

MINNEAPOLIS CHAPTER

On Friday evening, December 7, 400 members, including wives and friends, had a social time at the Plaza Hotel. A most enjoyable evening was spent dancing, which was preceded by a short vaudeville program. The services of the chapter were utilized in the Red Cross Campaign on Sunday, Decmber 16, when 4,000 salesmen secured 100,000 1918 members. The Thrift and War Savings Certificate Campaign will also have the services of the chapter members. The original war unit has been organized and much enthusiasm is being displayed among the members. Educational work is well in hand, although the chapter membership is not as large as in previous years.

EARL H. HAVERSTOCK.

VICE-PRESIDENT HUMES

L. C. Humes, Institute graduate and ex-president of Memphis Chapter, has been elected vice-president and cashier of the Guaranty Trust Company of Memphis, Tenn.

BUFFALO CHAPTER

Buffalo Chapter is now engaged in what promises to be the most successful year in its history. At the opening meeting our president, Gordon B. Cleversley, outlined in a very able manner the program for the year's work; the various instructors were then introduced, after which Alva Dutton, secretary of Bankers Trust Company, presented diplomas to the graduates. The classes are at least 50 per cent. higher than in former years, and an increasing amount of interest is shown. The many friends of our former president, Godfrey F. Berger, Jr., who, by the way, was married last month, will be pleased to learn of his appointment as state bank examiner. On December 6 a theater party was held, after which there was a dance and luncheon at the chapter rooms. Henry Halm of Peoples Bank is chairman of the bowling league. He has arranged a fine program, and interest in this sport is already keen. The *Monthly Dividend* (our new paper) has been issued twice and is bright and newsy. All credit is due to the editor, Oliver Weppner.

JAMES J. KEENAN.

CHAPTER PRESIDENT PROMOTED

The number of chapter presidents promoted to officerships was further augmented recently by the selection of Oliver C. White, president of Baltimore Chapter and chairman of the Institute Committee on Military Affairs, as assistant cashier of the Drovers and Mechanics National Bank of Baltimore.

PROVIDENCE CHAPTER

Providence Chapter's 1917-1918 season gives promise of being one of splendid activity and progress, even though a large number of our members have been measured for khaki or navy blue, among them some of the most staunch supporters of the chapter. The executive committee voted to remit the dues so long as these men remain in the service of Uncle Sam. The large number of new men in the banks has made it possible to increase our membership, thirty-eight new members having been secured, and nearly all of these are enrolled in educational work. The season opened with a well-attended smoker, held at the rooms of the Noon Day Club, October 16. President W. F. Farrell, after his opening address, presented in turn, W. G. Meader, treasurer of the Attleboro Trust Co. and a former president of the chapter; E. Butler Moulton, a local attorney; and A. H. Hansen of the department of economics of Brown University. These gentlemen gave an outline of the course in "Banking for Beginners," "Law" and "Economics," which courses they are, respectively, to teach.

The feature of the evening was an address by Eugene W. Owen, assistant cashier of the First National Bank, Boston, his subject being "Analysis of Accounts." Mr. Owen explained the various features of analysis as applied to bank accounts, as well as to individual accounts. A special invitation was sent to non-members to attend, and the response was gratifying to the "old guard," who were glad to welcome a large number of new men to the meeting. The second smoker of the season was held at the rooms of the Noon Day Club, Tuesday evening, December 18. In honor of Red Cross week, George W. Gardiner, chairman of the banker's committee of the Christmas Campaign, restated in glowing terms the aims and accomplishments of the American Red Cross, and urged the loyal support of every bank man in this splendid work. The rest of the meeting was taken up by war tax discussion, led by Olaf Olsen, vice-president of the First National Bank of Boston. We were glad to have our friend Mr. Olsen with us again, even though he left the speaking to a young friend of his, John N. O'Donohue, who gave a very clear and connected account of the war income tax as applied to individuals and fiduciaries, and also stated some of the possibilities lying in the war excess profits tax. After the talk, a general discussion ensued, and all of the men feel that the meeting was well worth while. The educational program, as mentioned above, is now in full swing. The classes are enthusiastic, and the teachers are taking great interest in their work. Total enrolment in all of the classes is 104. J. H. MARSHALL.

CONSERVING SURPLUS ENERGY

It has been said that the wise man does not live in the past, for the past cannot be mended; that he does not live in the future because the future is uncharted land, but that he lives in the present and makes the most of the day and the hour he has with him.

PITTSBURGH CHAPTER

Pittsburgh Chapter is now in full swing in its educational and social activities. The "Banking" course, which meets at the University of Pittsburgh, is a hummer, an examination being held Thursday evening, December 20, with forty-five present. The class in "Economics" is meeting with much success, the boys gathering on Tuesday evening to discuss articles appearing in the New York *Times Annalist.* The "Banking for Beginners" class reports progress in its work. The instructor of this class is calling on men who are familiar with certain kinds of work. On Tuesday, December 18, Jean Phillips discussed the many problems confronting the receiving tellers with particular reference to new accounts. On Tuesday evening, January 15, our secretary, R. E. Gibson of the Commonwealth Trust Co., will discuss the important work confronting the paying teller's department. On Tuesday evening, December 4, we were fortunate in having with us Dr. Robert MacGowan, pastor of one of our local churches. Dr. MacGowan is a wonderful speaker. He chose as his subject "A Man's Job." We all went to our homes after this meeting feeling that we had been greatly benefited. A good-sized crowd was present. Our ways and means committee are at work on many pleasant features for the coming season. We expect to hold a skating party at the Winter Garden. Plans are now being laid for our annual ladies' night, which will be held as usual. We are also planning a country bankers' night; a government night, etc. We are paying particular attention to our open meetings this year, believing they are the thing needed to hold the organization together. We have not yet decided whether it will be wise to hold our annual banquet. By the way—our president has departed on the "Happy Sea of Matrimony." I might mention that Phillips, Mullen, Eggers and many more of the Old Guard are doing their best to keep the chapter spirit burning. H. E. REED.

CO-OPERATION

Nothing happens without co-operation. That the simplest thing may happen the whole of nature co-operates, as in the forming of dewdrops, for instance. Co-operation has been the spirit, the backbone, the prime essential of every success, whether of business or science, transportation or education, mechanics or politics, government or diplomacy.

Every employer judges his employees by their ability to co-operate. Subordinates progress, other things being equal, according to their capacity and willingness to co-operate. Executives retain their positions only if they co-operate successfully with other executives and maintain co-operation among the workers.

Eliminate co-operation and we would have no railroads, no steamship lines, no department stores, no great manufacturing establishments, no music, no books, no government. Chaos would exist.

Since, therefore, co-operation is essential, common sense dictates that it should be hearty and complete.

Co-operation in business life means more than merely obeying orders. It means working with one's fellow employees whole-heartedly. It means avoiding the friction of conspiracy, grouch, deceit, time-serving, selfishness, indolence and inattention. It means team-work. The pennant-winners of commerce are those who have best solved the problems of co-operation.—*New York Herald.*

PANAMA CHAPTER

We are somewhere between thirty-five and forty in number, made up of officers and clerks of three branches of American banks and the Panamanian Government Bank. In accordance with the general plan, we hold a monthly meeting, at which a paper is read or a debate conducted on a topic of interest to us. In this section, I may fairly claim, that we have hitherto been able to maintain a high standard, our lecturers having all been experts in the subject chosen. In the way of study work, we are conducting a class in "Negotiable Instruments." led by Sr. Harmodio Arias, a leading lawyer here, using the standard text-book of the Institute. While not numerically large, the class is distinctly a success, and its members retain their original enthusiasm, or have incresed it. As may be imagined, tropical conditions here caused us to

diverge somewhat from the usual program; in this matter, we have two things to consider. We have no appreciable variation in temperature from month to month and so are able to hold our meetings all the year round; also, here it is not practicable to enforce too vigorous a course of study, as a normal day's work is sufficiently fatiguing in this climate. For these reasons it was decided to hold the general meeting monthly and the study class twice a month, making three nights a month in all, and keeping up practically throughout the year. Next year we plan to take up "Commercial Law." I may say that we reversed the order in which these two subjects are usually taken because the negotiable instruments law came into force here in October last, and as it differed quite considerably from our old law, we thought it more opportune to study the new law more. J. PEREGRINE JONES.

OUR COUNTRY

Its need is our need, its honor our honor, its responsibility our responsibility. To support it is a duty, to defend it a privilege, to serve it a joy. In its hour of trial we must be steadfast, in its hour of danger we must be strong, in its hour of triumph we must be generous. Though all else depart, and all we own be taken away, there will still remain the foundation of our fortunes, the bulwark of our hopes, a rock on which to build anew. Our Country, Our Homeland, America.—*From American Medicine.*

BOSTON CHAPTER

The chapter's monthly meeting was held at the Boston City Club on Monday, December 17, in the form of a smoker. President Charles W. Stevens opened the smoker with a very enthusiastic talk on War Savings Certificates and Thrift Stamps. He explained their purposes and earnestly urged the members to purchase as many as possible. The speaker of the evening, Philip Dana Orcutt, an American ambulance driver for the American Field Service in France, related his experiences at Verdun and vicinity in an exceedingly interesting manner. We have again been very fortunate in securing the services of Prof. O. M. W. Sprague of Harvard University. He is to conduct the foreign exchange course, which will begin the latter part of February. The course in public speaking, which is to begin January 10, is to be conducted by Orville S. Poland, A.B., LL.B., who is an attorney at law and an instructor at Boston University. It is intended to give more attention to the practical side of the subject than to the theory of argument and debate. President R. S. Hecht has appointed President Charles W. Stevens, Raymond B. Cox and Herbert A. Stone members of the Trade Acceptance Committee of Boston, which is indeed gratifying to Boston Chapter. GEORGE W. SIMPSON.

PERSONALITY REFLECTS CHARACTER

Put your personality into the things you do! Let people feel that they know you from their acquaintance with your deeds! This means that you must develop a character that others can see and know all about, and it must be a character that will please them. Your personality is the reflection of your character. It depends on the use you make of what you know, and if you have not studied you will have nothing to use.

PHILADELPHIA CHAPTER

Philadelphia Chapter on December 7 enjoyed one of the most interesting and inspiring meetings in its history. Levi L. Rue, president of the Philadelphia National Bank, presided and introduced the two principal speakers of the evening. Walter Goodenough of the International Ship Building Corporation, who gave a most interesting outline of his company's program in furnishing ships to the government, and Frank A. Vanderlip, who gave us a virile and inspiring address. He expressed his conviction that the young men in the banking fraternity were to be the leaders in the changing conditions which confront us. The institute-trained man will be the one who can be depended upon to give correct information and to help mold public opinion in his community. At our meeting on January 4 H. K. Mulford of H. K. Mulford Company will speak to Philadelphia Chapter on "Trade Acceptances." The consulate, as their part in our social program, have arranged to hold on January 19, at the City Club, a consuls' dance, to which the members of the chapter and their friends are invited. Group one of the Pennsylvania Bankers Association have made an appropriation and appointed a committee to confer with Philadelphia Chapter in reference to the establishment next fall of a part-time school to be conducted under the auspices of the chapter and to be attended by the newer and younger employees of financial institutions in this city. "Elementary Banking" and "Elementary Economics" will be taught. This is another step toward the closer relationship of the banks and the chapter. Marked progress is seen in our educational classes as the courses advance, and the approach of the holiday season does not affect the attendance appreciably. Philadelphia Chapter regardless of the difficulties that beset it from every angle, is determined that the New Year of 1918 shall mark the best year in its existence. G. W. LICHTENBERGER.

LESS AND MORE OF IT

My Tuesdays are meatless,
My Wednesdays are wheatless,
I'm getting more eatless each day;
My home it is heatless,
My bed it is sheetless,
They're sent to the Y. M. C. A.
The bar-rooms are treatless,
The coffee is sweetless,
Each day I grow poorer and wiser;
My stockings are feetless,
My trousers are seatless,
My God—but I do hate the Kaiser!

—*Bronx Home News.*

DENVER CHAPTER

The opening reception in our new club rooms proved a grand success to start the new year. Frank L. Bishop

of the Home Savings & Trust Co. delivered the main address of the evening, and in a very pleasing and friendly manner commended the work of Denver Chapter. Sever Daley outlined a brief but interesting explanation of the real purpose of the A. I. B. R. M. Crane spoke in reference to our members who have enlisted in the war, and at the close of his remarks our new service flag in memory of the boys who have gone to the front was unfurled, having thirty-one stars. This flag is the bright spot on the walls of our new rooms, and we feel justly proud in what it represents. We also were favored by a short talk from one of our first non-resident members, C. A. Bradley of San Diego, formerly cashier of the Longmont National Bank. After the completion of the program, the young people danced and enjoyed refreshments and a general good time. The meeting was a credit to Denver Chapter and a pleasure to all who attended. The work of the educational department of Denver Chapter is under the direction of H. M. Jackson of the American Bank & Trust Co., and we are sure of a most successful year in this the most important arm of the A. I. B. The class in "Economics" is progressing nicely under the instruction of Dr. Duncan of the University of Denver, although not as large as the committee anticipated; the class makes up in "pep" and enthusiasm for what it lacks in numbers. A plan is now under way to give Denver Chapter a course in "Banking" and to organize a class that will be a surprise to the entire circle of bank men. We are glad to note that the National organization will be with us in September and are planning to make the convention full of enthusiasm from start to finish. Geo. T. Wells of Denver Chapter has become a national figure in the agricultural world, and we feel justly proud to list him as one of our successful A. I. B. men. C. A. PARKER.

DEVELOPMENT

"If you want to enlarge your muscle, to increase the power and strength of it, you exercise. The same holds true with your brain."—*Elbert Hubbard.*

PORTLAND CHAPTER

Portland Chapter has just lost another president in the person of A. Ben Nordling, who has resigned to accept a position with the Federal Reserve Bank of San Francisco. Mr. Nordling has been a member of the A. I. B. for a number of years and his absence is regretted by all, as he was one of the chapter's most active workers. E. C. Sammons, our former president, is now a captain in the Officers' Reserve Corps stationed at Camp Donipham, Fort Sill, Okla., having resigned last spring. Prosperous conditions in general are being felt in Portland, and this, coupled with the large number of enlistments from the banks, promises to thin out considerably the chapter members, as better paying positions are opening and the "call of the coin" is not to be denied. During the big allied bazaar held here recently, A. I. B. members were called upon to assist in the financial end of the affair, and the chairman of finances complimented the members highly on the efficiency shown in their work. J. Hunt Hendrickson, our law instructor, recently took unto himself a wife, in consideration of which the A. I. B. members, as a token of friendship and esteem, presented him one evening with a handsome cut-glass wedding present. C. E. RUPPE.

LOS ANGELES CHAPTER

"Trade Acceptances" and "Commercial Letters of Credit" were the subjects discussed at our last monthly open meeting. This discussion was perhaps the most interesting and best presented program we have had. Our speakers were W. E. McVay, vice-president of the Guaranty Trust and Savings Bank; H. S. McKee, vice-president of the Merchants National, and V. H. Rossetti, vice-president of the Farmers and Merchants National. Regular classes are going on as usual with satisfactory results. Frank Townsend, lately assistant cashier of the Bank of Santa Monica and member of the public-speaking class, has just been elected commissioner of finance of the beach city. The educational committee claim some of the credit. Los Angeles Chapter will suffer a loss very soon when Mr. Thomas goes into the army service. He has been a most efficient secretary and treasurer to our body. This chapter has decided to climb on the press band wagon. A local journal will be published monthly under the direction of the publicity committee. It will not rival the parent journal for some time—but watch us grow. Mr. Healy, president, and Mr. Murray, vice-president, of our chapter report that their committees are handicapped just now on account of the additional work in connection with the Liberty Loan installments and the semi-annual interest figuring period. This present hiatus applies only to new benefits contemplated. The regular work of the chapter's committees has never been and never will be neglected.

FRED W. HEALY.

ON ACCOUNT OF THE WAR

John Brown cannot pay the money he owes,
"On account of the war."
The cook wants ten dollars a week, or she goes,
"On account of the war."
The baker reduces the weight of his bread,
The butcher sends steaks that could muster as lead,
The tailor's wool suits are of shoddy instead,
"On account of the war."

The tinner can't patch up my roof where it leaks,
"On account of the war."
The car that I bought will not come for six weeks,
"On account of the war."
The cost of my shoes mounts each time that I buy,
The prices on drugs are prodigiously high,
But when I demur I receive the reply,
"On account of the war."

And what can I do when they airily say,
"On account of the war"?
What else can I do but obligingly pay,
"On account of the war"?
Yet often I wonder what some folks will do
When all of the world with its warfare is through,
And they can no longer pass by in review,
"On account of the war."

—From *Wonalancet Way.*

YOUR BIT

You may be deprived of the privilege of personal service in the field. Be thrifty and let your money go to the firing line.

OMAHA CHAPTER

"The Way to the Top in the Banking World" was the subject of an address delivered before Omaha Chapter by Walter W. Head, vice-president of the Omaha National Bank, at a rousing smoker held at the Loyal Hotel last month. Character, loyalty, energy and unselfish enthusiasm were among the requisites for making the grade named by Mr. Head. His address was much appreciated and at the close of the meeting he became a member of Omaha Chapter. About 100 young men and women from the banks of Omaha were present, and the Misses Mildred McAuley, Iris Raynor, Mabel Johnson, Evelyn Niel, Mignon Lohman and Catherine Wilbur were constituted a committee to call on the young women among the employees of the Omaha banks to encourage them to take a more active part in the work of the Institute. President Willard H. Dressler of the Stock Yards National Bank, delivered an address of welcome. Harry O. Palmer, educational director and attorney of the chapter, outlined the plan of work for the coming year. This will consist of three courses, namely, "Banking," "Banking for Beginners" and public speaking. The course in "Banking for Beginners" will be open to young women who are now filling places in the banks in large numbers because of the draft which the war has made on the former men employees. No dues are charged the women for the benefits of chapter work.

NOW

Rise; for the day is passing
  And you lie dreaming on,
The others have buckled their armor
  And forth to the fight are gone.
A place in the ranks awaits you,
  Each man has some part to play;
The Past and the Future are nothing
  In the face of the stern Today.

—*Proctor.*

LEARN BY STUDY

Experience keeps a dear school.

—*Benjamin Franklin.*

RICHMOND CHAPTER

That the measure of success should be the measure of service to the American Government in this time of war, was one of the principal injunctions given by R. S. Hecht, President of the Institute, to the members of Richmond Chapter at the November meeting of the chapter, held at the auditorium of the Chamber of Commerce Building. Besides enjoining the Institute members of Richmond to be patriotic, President Hecht explained what the American Institute of Banking is doing. He mentioned its origin seventeen years ago, and stated that now it had a membership of 22,000. He said that banking was more and more becoming a profession. Opportunity has quit knocking at men's doors, but must be met half way, he said. He laid special emphasis upon the fact that success lies at the top of the hill, which could be reached only by hard work, efficiency and preparedness. He especially emphasized the importance of studying the principles of banking. The benefits of membership in the Institute, he asserted, are unlimited; that no ambitious young bank man should think of staying out of the organization. His speech indicated that he regarded the educational advantages of the Institute as its best feature. Modern bankers, he said, allowed employees more latitude than they formerly did, and that this offered them opportunity to show their ability. Initiative, which he defined as doing the right thing at the right time, and executive ability, which must in all cases be demonstrated, he set up as the two essential requisites of success. In closing, he pointed out the benefit that men with such qualities could be to the government in winning the war, which will result in making this nation the commercial leader of the world.

NEW YORK CHAPTER

The annual banquet of New York Chapter will be held this year as usual. The date is February 16 and the place is Hotel Astor. We are expecting a large delegation of chapter men from nearby cities as we understand that a number of annual banquets have been called off. A list of the speakers has not as yet been announced but the committee is working hard to obtain the best after-dinner orators. Chairman Philpot has announced the following speakers and subjects for the forum meetings to be held during January: January 9, Albert Breton, vice-president Guaranty Trust Company of New York, subject: "Opportunities in Foreign Banking"; January 23, F. J. H. Sutton, vice-president of the Guaranty Trust Company of New York, subject, "The Work of a Trust Department and Its Value to the Trust Company." That these meetings have proven of exceptional value to the bank men in this vicinity is attested to by the fact that the forum now numbers about 300. A service flag, measuring 12x18, and containing about 141 stars representing the members of New York Chapter who have gone into service, has just been presented to the chapter and occupies a prominent place in the chapter rooms. R. P. Kavanagh, for some time past connected with the Metropolitan Trust Company, has been appointed a vice-president of that institution. Mr. Kavanagh is a past president of New York Chapter and makes still another one of its members who has moved up the ladder. Students in the various classes are working hard to pass their mid-year examinations which will be given during the early part of February. The attendance this year, despite the unusual conditions, has been exceptionally good.

ARTHUR E. GASKILL.

TITLE CHANGES AMONG BANK OFFICERS

Following is a list of officers' title changes in institutions which are members of the American Bankers Association, reported to the JOURNAL-BULLETIN from November 23 to December 24, 1917, inclusive. Members will confer a favor by notifying this department immediately of any such changes. Publication will be made only on receipt of information direct from members:

ALABAMA

Linden—W. E. Rhodes, formerly cashier, elected president First National Bank, succeeding C. H. Miller, deceased. R. G. Rhodes, formerly assistant cashier, now cashier.

CALIFORNIA

Alhambra—William E. Jones appointed cashier First National Bank, succeeding C. S. Wilson.

Los Angeles—A. M. Chaffey elected vice-president Home Savings Bank, succeeding Boyle Workman, resigned.

Santa Ana—E. B. Sprague, formerly assistant cashier California National Bank of Santa Ana, elected cashier Orange County Trust & Savings Bank, succeeding O. A. Simmons, resigned.

San Diego—Rufus Choate elected vice-president Union National Bank, succeeding A. J. Bradley.

Weed—J. M. White, formerly vice-president, now president First National Bank, succeeding G. A. Musson, resigned.

CONNECTICUT

Hartford—H. H. Larkum, treasurer American Industrial Bank & Trust Co., resigned. George W. King elected assistant treasurer.

Hartford—Frank C. Sumner, formerly treasurer, elected president Hartford Trust Company, succeeding Ralph W. Cutler, deceased. Henry A. Pease now treasurer and secretary.

DELAWARE

Middletown—Watson K. Betts now cashier Peoples National Bank, succeeding Robert Douglas, resigned.

ILLINOIS

Cairo—Reed Green, formerly vice-president, elected president First Bank & Trust Co., succeeding John S. Aisthorpe, deceased.

Chicago—James R. Chapman, vice-president Continental and Commercial National Bank, resigned.

Chicago—F. H. Tinsley elected vice-president Englewood State Bank, succeeding Warren D. Hollister, resigned.

Chicago—Isaac N. Powell elected vice-president South Side State Bank, succeeding C. H. Randle, deceased.

Evanston—John Westreicher, formerly vice-president, elected president Evanston Trust & Savings Bank, succeeding James R. Smart, resigned. Mr. Smart now vice-president.

Taylorville—J. A. Adams, formerly cashier, now president Farmers National Bank, succeeding D. W. Johnston, retired.

Urbana—S. H. Busey appointed cashier First State Trust & Savings Bank, succeeding Abner Silkey, resigned.

INDIANA

Earl Park—Ezra Hackley elected president Earl Park State Bank, succeeding John L. Bond. Thomas J. Murphy now cashier, succeeding T. E. O'Connor.

Indianapolis—John E. Casey appointed treasurer Indiana Trust Company, succeeding M. F. Bayard. Arthur Craven, formerly head of state banking department, appointed assistant treasurer.

IOWA

Des Moines—Scott C. Pidgeon elected secretary Bankers Trust Co., succeeding J. H. Koons, resigned.

Percival—L. E. Gunderman elected cashier Farmers Savings Bank, succeeding Harry Snyder.

Villisca—F. M. Dirrim, formerly vice-president, now president Villisca National Bank, succeeding F. F. Jones. Hal Hausen elected vice-president.

Winterset—H. C. Husted appointed cashier First National Bank, succeeding Eugene Wilson.

LOUISIANA

Thibodaux—Henry Riviere elected president Bank of La Fourche, succeeding Anatole J. Braud, resigned.

MASSACHUSETTS

Boston—Charles A. Morss elected governor Federal Reserve Bank, succeeding Alfred L. Aiken, resigned.

Boston—Harry R. Stone elected vice-president Hyde Park Trust Company, succeeding A. S. Raymond, deceased.

Boston—James F. Morse elected president Roxbury National Bank, succeeding Francis L. Daly, resigned.

Haverhill—George Nichols, formerly vice-president, now president City Five Cents Savings Bank, succeeding S. Porter Gardner. Charles H. Croy chosen vice-president.

Holyoke—Irving S. Pulcifer elected treasurer Hadley Falls Trust Company, succeeding William T. Halliday, resigned.

Randolph—Charles O. Miller elected vice-president Randolph Trust Company, succeeding E. M. Mann, resigned.

MICHIGAN

Alpha—Henry J. Veeser, formerly assistant cashier First State Bank of Powers, now cashier First National Bank, succeeding Clarence E. Kearns, now cashier Miners State Bank of Iron River.

Houghton—William Warmington, cashier, now manager Citizens National Bank, succeeding Roy A. Young, resigned.

MINNESOTA

Duluth—F. G. Beamsley, formerly assistant national bank examiner, elected cashier Duluth State Bank, succeeding Edgar Johnson, deceased.

Lakeville—B. M. Hanson appointed cashier First National Bank, succeeding W. A. Samels.

Minneapolis—J. P. Costello elected cashier Calhoun State Bank, succeeding John A. Nelson.

Minneapolis—Vader H. Van Slyke, president Metropolitan National Bank, resigned; elected chairman of board.

Minneapolis—A. A. McRae, formerly cashier South Side State Bank, elected vice-president Northern National Bank. Robert E. Macgregor, formerly cashier, now vice-president; S. H. Plummer, formerly assistant cashier, cashier.

Minneapolis—O. O. Erling, formerly first assistant cashier, appointed cashier South Side State Bank, succeeding A. A. McRae, resigned.

St. Cloud—Carl O. Benson, formerly cashier, elected vice-president Merchants National Bank; George Moore, formerly assistant cashier, now cashier.

St. Paul—R. P. Sherer, vice-president Northwestern Trust Co., resigned.

Verndale—Charles Lindeke, Jr., elected president Farmers & Merchants State Bank, succeeding Charles Swanson, resigned.

MISSOURI

Doniphan—J. D. Gerlach, formerly cashier, now active vice-president Ripley County Bank; E. K. Ponder, formerly assistant cashier, now cashier.

St. Louis—W. C. Waggoner, cashier Mercantile National Bank, resigned.

MONTANA

Benchland—W. F. Stanard, formerly assistant cashier Fergus County Bank of Hobson elected cashier Benchland State Bank, succeeding O. A. Tweed.

Great Falls—C. B. Roberts elected president Cascade Bank, succeeding S. E. Atkinson, deceased.

Hobson—S. Darwin Johnson appointed vice-president Fergus County State Bank.

Joplin—E. V. Day, formerly assistant cashier, now cashier First State Bank, succeeding A. G. Luedeman, resigned.

Saco—R. D. Sutherland elected president First National Bank, succeeding Paul E. Skjerseth, resigned.

Three Forks—L. D. Blodgett elected vice-president American National Bank, succeeding C. L. Hoy, resigned. E. W. McPhail appointed cashier.

NEBRASKA

Columbus—J. H. Galley, formerly vice-president, elected president First National Bank, succeeding Edward Johnson, deceased.

Omaha—T. L. Davis, formerly cashier, elected vice-president First National Bank. Fred W. Thomas, formerly cashier Live Stock National Bank, now cashier.

NEW JERSEY

Plainfield—H. B. MacDonald elected secretary and treasurer Plainfield Savings Bank, succeeding H. A. Pope, deceased.

NEW YORK

Albany—Gardner B. Perry, formerly manager bond department, elected vice-president National Commercial Bank. William L. Gillespie, formerly assistant cashier, now cashier.

Buffalo—Ralph Croy elected vice-president Bank of Buffalo.

Buffalo—John H. Lascelles, formerly vice-president, elected president Marine National Bank, succeeding George F. Rand, resigned; Mr. Rand becomes chairman of board.

Ilion—George F. Wallace elected cashier Manufacturers National Bank, succeeding Frank C. Thurwood, resigned.

Islip—Roscoe C. Clock, formerly assistant cashier, appointed cashier First National Bank, succeeding Tracy V. Scudder, resigned.

Jamaica—Warren B. Ashmead elected vice-president First National Bank, succeeding William H. Kniffin, Jr., now vice-president Bank of Rockville Centre. Richard Van Siclen, formerly cashier, appointed first vice-president. William Peterson now cashier.

New York—Waldron P. Belknap elected vice-president Bankers Trust Company, succeeding B. A. Tompkins, now assistant secretary.

New York—Percy H. Johnston elected vice-president Chemical National Bank.

New York—Henry A. Patten, formerly manager Fifth Avenue Branch, and Richard D. Brown, formerly assistant cashier, elected vice-presidents Corn Exchange Bank.

New York—E. B. Sweezy elected vice-president First National Bank.

New York—John Burckhardt, formerly assistant cashier, appointed cashier Germania Bank, succeeding Loftin Love, deceased.

New York—Stuart H. Patterson appointed comptroller Guaranty Trust Company.

New York—John A. Noble, formerly vice-president and cashier, now vice-president Harriman National Bank. Orlando H. Harriman, formerly assistant cashier, now cashier.

New York—J. Bloom appointed assistant treasurer Mercantile Bank of the Americas, Inc.

New York—Oscar F. Cooper elected president New York County National Bank, succeeding Francis L. Leland, deceased.

Rochester—Thomas E. Lannin, formerly third vice-president and cashier, now second vice-president Alliance Bank. William J. Simpson, formerly first assistant cashier, now third vice-president. Frank S. Thomas, formerly second assistant cashier, now cashier.

Syracuse—Ernest R. Mulcock elected cashier Solvay Bank, succeeding Frederick E. Maurer, resigned.

NORTH DAKOTA

Fortuna—S. B. Brevig, elected cashier First International Bank, succeeding C. P. Grytness, now cashier Citizens State Bank of Ambrose.

Halliday—Guy F. Jensen elected cashier Farmers State Bank, succeeding H. A. Norman, resigned.

Spiritwood—O. J. Nygaard elected cashier Spiritwood State Bank, succeeding W. P. Hayes, deceased.

Walum—Carl F. Werner, formerly assistant cashier, now vice-president Farmers State Bank.

OHIO

Cleveland—J. A. House, formerly first vice-president, elected president Guardian Savings and Trust Company, succeeding H. P. McIntosh, resigned.

Columbus—Frederick A. Miller elected president Guarantee Title & Trust Co.

Columbus—Oscar A. Schenck, formerly cashier, now president Market Exchange Bank Company, succeeding M. V. Baker, deceased.

OKLAHOMA

Kingston—G. R. Hastings elected cashier First State Bank, succeeding C. B. Williams, retired.

OREGON

Lebanon—T. D. O'Brien, formerly assistant cashier, appointed cashier Lebanon National Bank, succeeding W. M. Brown, resigned.

PENNSYLVANIA

Philadelphia—John F. Skelly, formerly secretary-treasurer, elected president Continental-Equitable Title and Trust Company, succeeding T. M. Daly, deceased.

Philadelphia—Horace Fortescue, formerly cashier, elected vice-president Philadelphia National Bank; O. Howard Wolfe, formerly assistant cashier, now cashier.

Philadelphia—William L. Nevin elected vice-president West End Trust Company, succeeding Rodman Wanamaker, resigned.

Phoenixville—Robert M. Miller, Jr. elected cashier Farmers & Mechanics National Bank, succeeding H. A. Jenks, retired.

SOUTH DAKOTA

Watertown—Geo. K. Bart, formerly cashier First National Bank of South Shore, elected vice-president Security National Bank, succeeding H. M. Hanten, resigned.

TENNESSEE

Memphis—W. L. Huntley, Jr. formerly assistant cashier Mercantile National Bank, elected active vice-president National City Bank.

Memphis—John D. McDowell elected vice-president Union & Planters Bank & Trust Co. Robert S. Polk, formerly cashier, now vice-president and cashier.

TEXAS

Brownsville—Sam W. Brown, formerly cashier Laredo National Bank, elected active vice-president First National Bank.

Childress—C. W. Mitchell, formerly cashier, now acting vice-president First State Bank. Roy Coffey, formerly assistant cashier, now cashier.

Houston—C. W. Foster, formerly national bank examiner, elected vice-president and cashier National Bank of Commerce, succeeding P. S. Park, Jr., resigned.

Laredo—Louie Cohn, formerly state bank examiner, appointed cashier Laredo National Bank, succeeding Sam W. Brown, resigned.

Pharr—George C. Breeding, formerly assistant cashier, elected cashier First National Bank, succeeding Lee Welsh, resigned.

Snyder—John A. Stavely elected vice-president First National Bank. Mr. Robert H. Curnutte elected cashier, succeeding E. E. Grimes, resigned.

Texas City—Geo. L. H. Koehler appointed cashier Texas City National Bank, succeeding W. R. Wheeler.

VERMONT

Brattleboro—H. P. Webster, formerly treasurer, elected president Vermont Savings Bank, succeeding C. H. Pratt, deceased. Frederick C. Adams now treasurer.

Woodstock—Frederick W. Wilder, formerly cashier, elected president Woodstock National Bank, succeeding William E. Johnson, deceased. Helen H. Saul now cashier.

WASHINGTON

Bremerton—B. F. Harrison, formerly vice-president, now president First National Bank, succeeding C. E. Thomas.

Brewster—J. L. Goehry elected vice-president First National Bank, succeeding Andrew Zeller.

Colfax—S. A. Kimbrough, formerly assistant cashier, appointed cashier Farmers National Bank, succeeding W. R. Anderson, deceased.

Mansfield—H. K. Robbins elected president Commercial State Bank, succeeding Frank W. Olwell. Z. V. Leslie now cashier, succeeding Fred L. Munroe.

MORTUARY RECORD OF ASSOCIATION MEMBERS

REPORTED FROM NOVEMBER 24 TO DECEMBER 23, 1917

Aisthorpe, John S., president First Bank & Trust Co., Cairo, Ill.

Atkinson, S. E., ex-president Cascade Bank, Great Falls, Mont.

Ayres, Marion O., president Bank of South Sioux City, South Sioux City, Neb.

Barber, Bryant, Barber Bros. & Co., Polo, Ill.

Bishop, William H., president Union National Bank, Mount Holly, N. J.

Boots, Dr. S. S., president Greenfield Banking Co., Greenfield, Ind.

Bunker, Amos K., vice-president State Bank of Woodstock, Woodstock, Ill.

Catlin, Thomas D., president National City Bank, Ottawa, Ill.

Clark, Kenneth, director Merchants National Bank, St. Paul, Minn.

Coriell, Andrew F., vice-president First National Bank, Bound Brook, N. J.

Crimmins, John D., director Fifth Avenue Bank, New York, N. Y.

Crosby, Geo. A., vice-president Merrill Trust Co., Bangor, Maine.

Currier, Charles E., chairman of board, Atlanta National Bank, Atlanta, Ga.

Elliott, William T., president Central National Bank, Philadelphia, Pa.

S. M. Funk, president State Bank of Cerro Gordo, Cerro Gordo, Ill.

Gload, Adolphus, vice-president Peoples National Bank, Brooklyn, N. Y.

Graham, Robert J., director Real Estate Savings & Trust Co. of North Side, Pittsburgh, Pa.

Grear, Walter, president First National Bank, Anna, Ill

Hodges, G. T., president Citizens Bank of Monroe, Monroe, Wis.

Horan, James F., president County Trust Company, White Plains, N. Y.

Johnson, William E., president Woodstock National Bank, Woodstock, Vt.

Katz, Abram J., second vice-president Alliance Bank, Rochester, N. Y.

Kendig, Paul B., president Exchange National Bank, Seneca Falls, N. Y.

Kilburn, Frederick D., vice-president Peoples National Bank, Malone, N. Y.

McGowan, Clarence I., assistant secretary Peoples Trust Company, Brooklyn, N. Y.

Mathews, David J., president Oceana County Savings Bank, Hart, Mich.

Mershon, Joseph V. D., secretary-treasurer New Brunswick Trust Company, New Brunswick, N. J.

Nelson, Edward, vice-president Durand State Bank, Durand, Ill.

Phelps, Harvey J., vice-president Havana National Bank, Havana, Ill.

Pierson, Ornan, president Greene County National Bank, Carrollton, Ill.

Pilcher, T. C., vice-president Farquier National Bank, Warrenton, Va.

Piper, George F., Sr., director Minneapolis Trust Co., Minneapolis, Minn.

Pratt, Charles Howard, president Vermont Savings Bank, Brattleboro, Vt.

Spindler, John J., cashier First National Bank, Council Bluffs, Iowa.

Strom, Axel A., director Standard Trust & Savings Bank, Chicago, Ill.

Torre, Peter, vice-president Citizens Bank & Trust Company of Louisiana, New Orleans, La.

Traylor, E. L., president Lebo State Bank, Lebo, Kan.

Van Laningham, A. M., cashier Stock Growers National Bank, Ashland, Kan.

Walker, Ephraim Addison, president Greenpoint Savings Bank, Brooklyn, N. Y.

Wernsing, Henry, vice-president Marbold State Bank, Greenview, Ill.

Winter, Bert, vice-president and treasurer Union Investment Co., Minneapolis, Minn.

REGISTRATION AT THE ASSOCIATION OFFICES

REPORTED FROM NOVEMBER 23 TO DECEMBER 24, 1917

Baker, Geo. R., vice-president Chatham and Phoenix National Bank, New York, N. Y.

Barker, M. W., president Salem Trust Co., Salem, Mass.

Berger, Godfrey F., Jr., examiner New York State Banking Department, Buffalo, N. Y.

Bowler, W. S., vice-president Lake Shore Banking & Trust Company, Cleveland, Ohio.

Clement, John B., second vice-president Central Trust Company, Camden, N. J.

Ellis, Harry T., chief clerk Banking Department and Auditor of Public Accounts, Chicago, Ill.

Gaines, A. B., Englewood, N. J.

Gibson, F. B., Fidelity Trust Company, Philadelphia, Pa.

Given, Harvey, Washington, D. C.

Hinsch, Charles A., president Fifth-Third National Bank, Cincinnati, Ohio.

Hoge, James D., president Union Savings & Trust Co., Seattle, Wash.

Knowles, vice-president Coast Banker, San Francisco, Cal.

Knox, W. E., comptroller Bowery Savings Bank, New York, N. Y.

Latta, James A., vice-president Northwestern National Bank, Minneapolis, Minn.

Lersner, V. A., comptroller Williamsburg Savings Bank, Brooklyn, N. Y.

Marlin, B. M., secretary-treasurer Union Banking & Trust Company, Du Bois, Pa.

Martin, A., Jr., Portland, Ore.

Noel, Joseph R., president Noel State Bank, Chicago, Ill.

Orendorff, Harold E., manager Liberty Bond Department, Concord National Bank, Concord, Mass.

Peck, Charles Lathrop, Lakewood, N. J.

Pierce, Carroll, vice-president Citizens National Bank, Alexandria, Va.

Robinson, Edward L., vice-president Eutaw Savings Bank, Baltimore, Md.

Russel, Andrew, Auditor of Public Accounts, State of Illinois, Jacksonville, Ill.

Saul, B. F., president Home Savings Bank, Washington, D. C.

Smith, Solomon A., president Northern Trust Company Bank, Chicago, Ill.

Strong, S. F., treasurer Connecticut Savings Bank, New Haven, Conn.

Taylor, O. B., vice-president Wayne County and Home Savings Bank, Detroit, Mich.

Teter, Lucius, president Chicago Savings Bank & Trust Co., Chicago, Ill.

Wolfe, O. Howard, cashier Philadelphia National Bank, Philadelphia, Pa.

MEMBERSHIP CHANGES

Reported from November 25 to December 24, 1917

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the Journal-Bulletin.

Arizona	Benson	Bank of Benson succeeded by Cochise County State Bank.
California	San Jose	San Jose Safe Deposit Bank sold to Bank of Italy.
	Santa Clara	Mission Bank purchased by Bank of Italy.
Georgia	Albany	Farmers & Merchants Bank succeeded by Georgia Bank & Trust Company.
	Savannah	Germania Bank changed to Liberty Bank & Trust Company.
Idaho	Filer	Filer State Bank changed to First National Bank.
	Jerome	Farmers & Merchants State Bank converted to Jerome National Bank.
Indiana	Hammond	Citizens German National Bank changed to Citizens National Bank.
Iowa	Walnut	German Bank changed to American Bank.
Kansas	Independence	First National Bank consolidated with Citizens National Bank as Citizens-First National Bank.
Maryland	Baltimore	German American Bank changed to The American Bank.
	Baltimore	German Savings Bank changed to Citizens Savings Bank.
Minnesota	Minneapolis	Scandinavian American National Bank changed to Midland National Bank.
	Thief River Falls	First State Bank succeeded by First and Peoples State Bank.
Montana	Circle	Redwater-Valley State Bank succeeded by First National Bank.
	Missoula	Scandinavian-American State Bank changed to American Bank & Trust Company.
Nebraska	Bazile Mills	First National Bank succeeded by First State Bank.
Oklahoma	Tulsa	Planters National Bank consolidated with Exchange National Bank.
Oregon	Silverton	Peoples Bank changed to First National Bank.
Pennsylvania	Philadelphia	Robert Morris Trust Company purchased by Logan Trust Company
Tennessee	Springfield	Peoples National Bank succeeded by Peoples Bank of Springfield.
Washington	Tacoma	Bankers Trust Company consolidated with Scandinavian-American Bank.
Republic of Panama	Panama	Bank of Canal Zone closed.

NEW MEMBERS FROM NOVEMBER 24 TO DECEMBER 24, 1917, INCLUSIVE

Arizona

Bank of Pima, Pima, 91-111.

Arkansas

Bank of Fordyce, Fordyce, 81-127.
Bank of Grady, Grady, 81-557.
England National Bank, Little Rock, 81-15.
Bank of Ozan, Ozan, 81-413.
First National Bank, Wynne, 81-573.

California

Bank of British North America, San Francisco, 11-3.
San Jose Chapter, American Institute of Banking, San Jose.

Colorado

Hartman State Bank, Hartman, 82-253.

Delaware

Delaware Trust Company, Dover, 62-28.
Delaware Trust Company, Laurel, 62-66.

District of Columbia

Industrial Savings Bank, Washington.
Society for Savings & Loans, Washington.
Washington Savings Bank, Washington, 15-91.

Georgia

Thomson City Bank, Thomson, 64-915.

Idaho

Kuna State Bank, Kuna, 92-233.

Illinois

First National Bank, Hume, 70-1933.

Indiana

Akron Exchange Bank, Akron, 71-616.
American State Bank, East Chicago, 71-124.
First State Bank of Tolleston, Gary, 71-925.
Huntington Trust Company, Huntington, 71-193.
Citizens State Bank, La Crosse, 71-797.
Bank of Pence, Pence, 71-883.
N. B. Hawkins & Co., Portland.
Peoples State Bank, Sullivan, 71-386.
Worthington Exchange State Bank, Worthington, 71-507.

Iowa

State Savings Bank, Carson, 72-1235.
Farmers State Bank, Grand River, 72-1101.
German Savings Bank, Odebolt, 72-525.

Kansas

Holcomb State Bank, Holcomb, 83-873.

Kentucky

Citizens National Bank, Bowling Green, 73-73.
Louisville Branch, Federal Reserve Bank of St. Louis, Louisville, 21-59.

Louisiana

First State Bank, Belcher, 84-298.
Farmerville State Bank, Farmerville, 84-177.
Bankers Trust Company, New Orleans, 14-60.

Massachusetts

Jamaica Plain Trust Co., Boston, 5-162.
Chelsea Morris Plan Co., Chelsea.
Grafton Savings Bank, Grafton, 53-571.
Lynn Morris Plan Co., Lynn.

Minnesota

Live Stock State Bank, South St. Paul, 75-1401.
Trommald State Bank, Trommald, 75-1396.

Missouri

Farmers & Merchants Bank, Cardwell, 80-1417.

New Mexico

First National Bank, Taos, 95-145.

New York

Center Moriches Bank, Center Moriches, 50-686.
Bank of British North America, New York, 1-250.
First National Bank, Old Forge, 50-975.
First National Bank, Rhinebeck, 50-584.

Ohio

Summit County Bank, Akron, 56-65.
Cincinnati Branch, Federal Reserve Bank of Cleveland, Cincinnati, 13-43.
Washington Bank & Savings Co., Cincinnati, 13-84.
Lake Shore Banking & Trust Co., St. Clair Ave. and East 125th Street Branch, Cleveland, 6-59.
Lake Shore Banking & Trust Co., Superior Ave. and East 120th Street Branch, Cleveland, 6-59.

Oklahoma

Bank of Buffalo, Buffalo, 86-650.

Pennsylvania

State Bank of Beaver Falls, Beaver Falls, 60-426.
Harrisburg Chapter, American Institute of Banking, Harrisburg.
Pittsburgh Branch, Federal Reserve Bank of Cleveland, Pittsburgh, 8-28.

South Carolina

First National Bank, Allendale, 67-492.
Farmers Bank, Edgefield, 67-183.

South Dakota

Farmers State Bank, Chester, 78-684.
First National Bank, Florence, 78-409.
State Bank of Junius, Junius, 78-561.
Farmers State Bank, Lane, 78-401.
Farmers State Bank of Storla, Letcher, 78-734.
Farmers State Bank, Troy, 78-736.
Woonsocket State Bank, Woonsocket, 78-150.

Texas

First State Bank, Brazoria, 88-965.
First National Bank, Channing, 88-997.
D. & A. Oppenheimer, San Antonio., 30-10.

Virginia

Bank of Blacksburg, Blacksburg, 68-312.
Peoples Bank, Cleveland, 68-335.
Bank of Crewe, Crewe, 68-204.
Merchants & Farmers Bank, Ivor, 68-528.

Washington

Farmers State Bank, Lind, 98-394.
Methow Valley Bank, Pateros, 98-350.

Wyoming

First State Bank, Kaycee, 99-143.

Canada

Bank of British North America, Montreal, Quebec.
Home Bank of Canada, Toronto, Ontario.

Mexico

Salvador Ugarte, Guadalajara, Jalisco.